Par. 8.2.1.1.52
8.30

Monday,
5th September, 1955

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

Price Six Annas (Inland)
Price Two Shillings (Foreign)

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Acc. No. 25762
Dated 11.12.201

LOK SABHA

Monday the 5th September 1955

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

कार्यालयों के स्थान का बदला जाना

*१४३३. **श्री कृष्णाचार्य जोशी**: क्या निर्माण आवास और संभरण मंत्री २ अप्रैल १९५५ को दिये गये तारांकित प्रश्न संख्या १७७४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि आवास समस्या की हल करने की दृष्टि से दिल्ली से अन्य स्थानों को कुछ कार्यालयों के हटाने के सम्बन्ध में और क्या कार्यवाही की गई है ?

निर्माण, आवास और संभरण मंत्री (सरदार स्वर्ण सिंह): पिछला जवाब देने के बाद से अभी तक हालत में विशेष कोई अदल बदल नहीं हुआ है ।

Shri Krishnacharya Joshi : In view of the fact that Rashtrapati Nilayam has been established at Hyderabad, may I know whether Government propose to shift some of the offices there?

Sardar Swaran Singh : At Hyderabad there is no spare office accommodation, nor much of residential accommodation either.

Shri N. M. Lingam : May I know if the proposal to shift some of the offices to hill stations like Simla and other stations in the South is still under the consideration of Government and, if so, the stage at which the matter stands?

Sardar Swaran Singh : I did not catch the last portion.

Mr. Speaker : Whether the question of shifting some of the offices to Simla is still under consideration and, if so, with what results.

Sardar Swaran Singh : Actually, as a result of Simla being considered for shift of some of the offices, the headquarters of the Western Command were shifted to Simla; and the question whether any other offices could also be shifted to Simla is still under examination. There is considerable esistance from the offices that are located in Delhi to any shift out of Delhi

Some Hon. Members *rose*—

Mr. Speaker : We will go to the next question. This has been answered many times.

Aid to Displaced Persons

*1436. **Dr. Ram Subhag Singh** : Will the Minister of **Rehabilitation** be pleased to state:

(a) whether Government have sanctioned any grant for direct aid to displaced persons from West Pakistan during 1955-56 so far;

(b) if so, the amount of the grant sanctioned; and

(c) how the aid will be given to displaced persons out of this grant?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle) : (a) and (b) Direct aid is given to displaced persons from West Pakistan for :

(i) Technical and vocational training.

(ii) Education.

(iii) (a) Maintenance of destitute, old, infirm men and women and their children in Homes and Infirmaries.

(b) Unattached widows and disabled persons outside Homes in hard cases.

(iv) Grantees of maintenance allowance.

(v) Sufferers from natural calamities like flood, fire etc. and to needy persons at the discretion of the Central and the State Ministers.

A budget provision of Rs. 25 lakhs, 51.60 lakhs, 1 crore, 50 thousand and 48 thousand respectively has been made during the year 1955-56 for the above purposes.

(c) Through the agency of the State Governments according to the policy laid down by the Cenral Government.

Dr. Ram Subhag Singh : May I know whether the direct aid that is given for technical education is given to displaced persons from West Pakistan in the form of scholarships, or is it given for establishing technical institutions, etc.?

Shri J. K. Bhonsle : It is given as a stipend for those who are under training.

Dr. Ram Subhag Singh : May I know whether there is any proposal to give such aid to the displaced persons from East Pakistan also ?

Shri J. K. Bhonsle : It does not arise out of this question which relates to displaced persons from West Pakistan. But for the information of the hon. Member I might say that all these facilities are also given to displaced persons from East Pakistan.

Sardar Hukam Singh : May I know whether the cases of widows who were getting maintenance allowance and whose allowances have been stopped because they have got this compensation, would be considered for this grant, because the compensation given to them is so small that it might be consumed within twelve months?

Shri J. K. Bhonsle : No. According to the policy laid down such cases will not be considered for maintenance grant. But in very special cases we might consider giving them help from the Discretionary Fund.

Road Making Machinery

*1437. **Shri Gidwani** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the Indian Roads Congress have recommended to Government to take immediate steps for the manufacture in India of diesel road rollers, stone-crushers and road making machinery;

(b) if so, whether Government have considered this suggestion; and

(c) the decision taken on this recommendation?

The Minister of Industries (Shri Kanungo) : (a) and (b). Yes, Sir.

(c) A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 23.]

Shri Gidwani : May I know the value of these goods that are imported into this country annually for the years 1951 to 1955?

Shri Kanungo : In 1952 the number of rollers was sixty-seven; in 1953 sixty two, in 1954 one; and in 1955 nil. The **value in 1952 was Rs. 25,12,000; in 1953 Rs. 23,24,500; and in 1954 Rs. 37,500.

Shri Gidwani : May I know whether all the materials needed for the manufacture of these goods are available in the country; if so, whether Government have formulated any scheme to make the country self-sufficient?

Shri Kanungo: They were being manufactured except that there are certain patent rights which Government have already acquired, and they are prepared to lease it out to others who are interested.

Shri Raghavachari : May I know how the cost of the proposed machine compares with the imported one?

Shri Kanungo : Past experience has been that the F. O. B. price of these rollers is equal to the manufactured price in India.

Shri N. M. Lingam : May I know whether the rate of production of road-making machinery is commensurate with the heavy outlay we envisage for the development of national highways and other schemes in the Second Five Year Plan?

Shri Kanungo : At the moment there is not very much of demand for machinery other than road rollers.

इन्जीनियर

*१४४०. **श्री अनिरुद्ध सिंह** : क्या सिंचाई और विद्युत् मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि योग्य तथा अनुभवी इंजीनियरों के अभाव में विभिन्न नदी घाटी परियोजनाओं में कोई विशेष प्रगति नहीं हुई है ;

(ख) क्या यह भी सच है कि काम दिलाऊ दफ्तरों के निदेशक के वक्तव्य के अनुसार लगभग एक हजार ऐसे इन्जीनियर हैं जो दो सौ रुपये प्रति मास के वेतन पर काम करने को तैयार हैं ; और

(ग) यदि हां, तो इस मामले में सरकार क्या कार्यवाही करने का विचार रखती है ?

**This answer was later corrected by the Minister of Commerce (Shri Karmarkar) vide Part II Debates dated 24.11.55 as follows :

"The figures of import asked for are not separately available. The figures of imports under the general heading 'Earth Moving and Shifting Machinery' are as follows :

Year	Value in Rupees
1952-53	1,44,07,791
1953-54	1,45,18,532
1954-55	1,05,92,618."

सिंचाई और विद्युत उपमंत्री (श्री हाथी) : (क) जी नहीं, किसी किसी योजना म कभी कभी टेकनिकल कर्मचारियों की अस्थायी कमी अवश्य अनुभव की जाती है किन्तु अवकाश प्राप्त योग्य अफसरों की अस्थायी रूप से उपयोग होने के कारण कार्य की प्रगति में कोई कमी नहीं आने दी गई है ।

(ख) और (ग). काम दिलाऊ दफ्तर के निर्देशक (डाइरेक्टर जनरल, रिसेटलमेंट और एम्पलायमेंट) के अनुसार नौकरी ढूंढने वाले इंजीनियरों के स्नातकों (ग्रेजुएट) तथा सनद प्राप्त (डिपलोमा होल्डर) लोगों की संख्या क्रमश: ५८२ और ५२८ है । इजीनियरी के स्नातकों में केवल ४८ प्रतिशत ही २०० रुपये प्रति मास के वेतन पर कार्य करने को तैयार हैं । जब कि डिप्लोमा वालों में ८७ प्रतिशत २०० रुपया प्रति मास से कम वेतन वाले स्थानों पर काम करने को तैयार बताये जाते हैं । फिर भी उन में से अधिकांश विद्यालयों से नये नये आये हैं और कर्मचारियों की कमी आमतौर पर बड़े तथा अनुभवी टेकनिकल स्थानों के लिये होती है । किन्तु प्रत्यक्ष अनुभव से मालूम हुआ है कि कुछ उम्मीदवार, जब उन्हें कोई नौकरी दी जाती है, नौकरी पर नहीं आते, क्योंकि शायद तब तक उन्हें या तो कहीं और ले लिया जाता है या नौकरी की शर्तें उन्हें पसन्द नहीं आतीं । उदाहरण के लिये, जैसे बम्बई ने सूचित किया है, ओवरसियरों के १५० जगहों के लिये विज्ञापन दिया गया था, जिस के उत्तर में ४६१ उम्मीदवारों ने अर्जियां भेजीं, इन में से ३६४ को नौकरियां दी गई किन्तु केवल २० नौकरी पर आये ।

श्री अनिरुद्ध सिंह: क्या मैं जान सकता हूं कि अभी जो नदी घाटी योजनायें चालू हैं और द्वितीय पंचवर्षीय योजना के अन्तर्गत जो चालू होंगी, उन में कितने टेकनिकल विशेषज्ञों की जरूरत होगी ?

श्री हाथी : इसके लिये हमने एक कमेटी नियुक्त की है, उसकी रिपोर्ट जब आ जायगी, तब सब मालूम हो जायेगा ।

श्री अनिरुद्ध सिंह : क्या सरकार निश्चित रूप से कह सकती है कि पांच वर्षों में जो इंजीनियरिंग कालिज से स्नातक निकलगे, उन सब को रोजी मिल जायेगी ?

श्री हाथी : वह तो कमेटी के रिपोर्ट आ जाने के बाद कुछ पता चलेगा ।

Shri Kamath : Is the Minister in a position to state how many engineers are, on an average, being produced by our Universities since 1947 and what proportion of these engineers are being absorbed in our river valley projects and other schemes?

Shri Hathi : It will be difficult to say, because absorption is not only in the public sector but also in the private sector. About 3,000 per year have come out from the colleges and generally about 1,500 to 1,800 are being absorbed.

Shri Kamath : Public or private sectors or both?

Shri Hathi : In various departments.

Tea Export

*1441. **Shri Bishwa Nath Roy** : Will the Minister of **Commerce and Industry** be pleased to state whether it is a fact that Government have decided to reduce the quantity of tea to be exported this year?

The Minister of Commerce (Shri Karmarkar) : No, Sir.

Shri Bishwa Nath Roy : May I know whether it is a fact that the quantity of tea to be exported to England for auction has been reduced this year?

Shri Karmarkar : Yes, Sir, it is proposed to do so.

Shri Bishwa Nath Roy : May I know the reasons for the decision taken by the Government?

Shri Karmarkar : The reason is that it was considered wise to have auctions as much as possible in India. My friend can be benefited by reading the report of the Tea Auctions Committee which contains a lot of educative matter on this point.

Shri Bishwa Nath Roy : May I know whether tea consumption in India has increased ?

Shri Karmarkar : Yes, Sir ; it is slowly increasing.

Power for Chhotanagpore Collieries

*1443. **Shri L. N. Mishra** : Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether collieries of Chotanagpore have started getting power from the Damodar Valley Corporation; and

(b) if not, when it will start?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir.

(b) Does not arise.

Shri L. N. Mishra : May I know whether any special rate or any concession in price has been made available to these collieries or is it the same rate at which power is given to others?

Shri Hathi : Different rates are given according to the bulk in which they purchase power.

Visas

*1444. **Shri K. P. Tripathi** : Will the **Prime Minister** be pleased to state.

(a) whether it is a fact that the Pakistan Consulate in Shillong makes delays in issuing Visas to persons desiring to go to Pakistan; and

(b) if so, whether Government propose to take up the matter with the Pakistan authorities?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) and (b). No complaints have been received either by the Government of India or by the Government of Assam regarding any delay in issue of Visas by the office of the Assistant High Commissioner for Pakistan in Shillong.

Shri K. P. Tripathi : Is it a fact that people who have applied for visas in Shillong have to wait for a very very long time unless they have certain personal approach to, the staff of the Pakistan Consulate, and if so, whether any steps have been taken to remedy this?

Shri Sadath Ali Khan : As I have said no complaints have been received and that should statisfy the hon. Member.

Stitching Yarn

*1447. **Shri H. G. Vaishnav** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) the quantity of 'Stitching Yarn' imported and the total quantity produced in the country during 1954; and

(b) the annual requirements of this article?

The Minister of Industries (Shri Kanungo) : (a) A quantity of 360,012 lbs. of sewing thread was imported during the year 1954, while the production in the country amounted to 8,881,600 lbs. during the same period.

(b) No precise information is available.

Shri H. G. Vaishnav : Is there any scheme to produce stitching yarn in this country in sufficient quantity to meet our requirements?

Shri Kanungo : They are manufactured and we have got plenty of spare capacity.

Shri H. G. Vaishnav : May I know what countries supply this yarn to us?

Shri Kanungo : Mainly United Kingdom and Italy.

Shri H. G. Vaishnav : In what parts of the country can stitching yarn be produced? Are there some data?

Shri Kanungo : Mostly in Western India and South India.

Shrimati Jayashri : May I know whether there are any complaints made by those using the Indian stitching yarn about their strength ? When it is used on sewing machines, it breaks and that is the general complaint.

Shri Kanungo : We have no complaint so far.

Engineering College

*1448. **Shri Sanganna**: Will the Minister of **Planning** be pleased to refer to the reply given to Unstarred Question No. 1092 on the 27th April, 1955 and state:

(a) whether the Government of Orissa have since made any proposal for the establishment of an Engineering College in Orissa during the Second Five Year Plan ; and

(b) if so, the extent of the provision made?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) Yes, Sir.

(b) The matter is under consideration.

Shri Sanganna : May I know whether Orissa by itself is short of engineers and if so how is the problem of executing the river valley projects and other industrial schemes in Orissa faced ?

Shri S. N. Mishra : In framing their proposals for the Second Five Year Plan, the Government of Orissa must have taken all these into account.

Shri Sanganna : May I know whether the Government of Orissa have submitted their proposal for inclusion in the First Five Year Plan of the State ?

Shri S. N. Mishra : I think the hon. Member refers to the Second Five Year Plan. We have been told by that Government that in their plan for education this scheme has already been included.

N.E.S Training Centre at Hyderabad

*1450. **Shri Janardhan Reddy :** Will the Minister of **Planning** be pleased to state:

(a) whether it is a fact that one more centre has been opened in Hyderabad State to train the personnels of the National Extension Service Blocks ;

(b) if so, how many persons are undergoing training in that centre ; and

(c) the number of those who have been trained so far ?

The Deputy Minister of Planning (Shri S. N. Mishra) : (a) to (c). The hon. Member is perhaps referring to the proposal to set up a Centre at Hyderabad for the training of Block Level Extension Officers in Co-operation. The matter is under consideration of the Ministry of Food and Agriculture.

श्री जनार्दन रेड्डी : माननीय मंत्री ने २४ सितम्बर मेरे सवाल ७२२८ का जवाब दते हुये फरमाया था कि वहां पर एक और सेंटर खोला जायगा । तो जब सेंटर खोला जायेगा तो जो ब्लाक्स पहले दिये गये थे उससे अब की मर्तबा दुगने होंगे ?

श्री एस० एन० मिश्र : मैंने अपने जवाब में बताया है कि यह ट्रेनिंग सेंटर ब्लाक लेवल एक्सटेंशन आफिसर्स इन को आपरेशन के लिये होगा, सहकारिता के काम के लिये । और चार केंद्र वहां पहले से काम करते हैं, लेकिन खासकर सहकारिता के काम के लिये हैं ।

श्री हेडा : साहकार के लिये ?

श्री एस० एन० मिश्र : यह ट्रेनिंग सेंटर जो ब्लाक लेवल एक्सटेंशन आफिसर्स हैं खासकर उनके लिये है और उसके बारे में फूड एंड एग्रिकल्चर मिनिस्ट्री गौर कर रही है ।

Shri Heda : In view of the fact that the Hyderabad Government is feeling the paucity of the village level workers and therefore, is not able to take up the quota of NES blocks, will the second centre for training of the NES personnel be opened soon ?

Shri S. N. Mishra : The presumption that we are not able take up the NES blocks because of the paucity of village level workers and all that is not correct because we have not so far been held up on that account.

श्री जनार्दन रेड्डी : यह ब्लाक्स जो स्टेट्स को दिये जाते हैं वह बराबर तकसीम होते हैं या नहीं, इस को देखने के लिये माननीय मंत्री क्या कोई निगरानी रखते हैं, जैसे हैदराबाद गवर्नमेण्ट मनमानी तौर पर उन को तकसीम कर रही है ?

श्री एस० एन० मिश्र : अगर माननीय सदस्य का यह विचार है कि जो बटवारा होता है विस्तार खण्ड योजनाओं के बारे में वह योजनाओं का वह न्यायपूर्ण ढंग से होता है या नहीं, तो इसके सम्बन्ध में निगरानी क लिये ऊपर कोई न्यायालय नहीं है, वह तो विचार विमर्श करके आपस में कि किस तरह से राज्य सरकार अपनी योजनाओं को चालू कर सकती है और क्या करना चाहिये, इन सब बातों के आधार पर होता है, इसके लिये कोई न्यायालय नहीं है ।

श्री जनार्दन रेड्डी : क्या माननीय मंत्री यह जानते हैं कि जिस वक्त स्टेट गवर्नमेंट इन ब्लाक्स को स्टेट में तकसीम करती है, उस वक्त पार्लियामेंट के मेम्बरों से कोई मश्विरा नहीं लिया जाता है, जैसे कि हैदराबाद गवर्नमेंट ने किया है, इसके लिये यहां की गवर्नमेंट क्या तजवीज कर रही है ?

श्री एस० एन० मिश्र : पार्लियामेंट के मेम्बरान या दूसरे जो भाई हैं उनका सहयोग तो प्रोजेक्ट ऐडवाइजरी कमेटी में लिया जाता है जिसमें प्रोजेक्ट सब

होती है । यह बटवारा किस कदर हो, इसमें भी पार्लियामेंट के मेम्बरों की राय ली जाय, यह तो एक नया सुझाव है ।

डा० सुरेश चन्द्र : यह जो केन्द्र, आपने कहा कि खोलने वाले हैं, वह औरंगाबाद में खोलने का विचार है ?

श्री एस० एन० मिश्र : मैं उसके स्थान का निर्देश नहीं कर सकता ।

Shri R. S. Diwan : Rs. 30 lakhs were granted by the Central Government to the Hyderabad Government to be spent on building but this amount has not been spent during the last three years for want of technical personnel. May I know whether the officers trained in these centres will be useful for bunding work also ?

Shri S. N. Mishra : As I have already indicated, this relates to co-operation.

Welfare of the Tribals

*1451. **Shri Deogam :** Will the Minister of **Planning** be pleased to state whether any special schemes for giving the Tribal people all possible support for the development of education with a view to bringing them educationally at par with more advanced people of the State, have been formulated by the Bihar Government for inclusion in the Second Five Year Plan ?

The Deputy Minister of Planning (Shri S. N. Mishra) : Yes, Sir.

श्री देवगम : क्या यह सत्य है कि पिछले दो वर्षों में के दुर्भिक्ष के कारण वहां के लोगों को बड़ी परेशानियां उठानी पड़ रही हैं और बच्चों को अपनी पढ़ाई जारी रखने में भी बहुत मुश्किल हो रही है ?

श्री एस० एन० मिश्र : जी हां, बिहार के उस हिस्से में सूखे के कारण बहुत परेशानियां हैं और यह जाहिर है कि उनकी वजह से वहां के बच्चों की शिक्षा पर भी असर होता होगा ।

श्री देवगम : क्या उस इलाके में जहां दुर्भिक्ष पड़ा हुआ है कोई विशेष सहायता देने के प्रश्न पर विचार किया जायेगा ?

श्री एस० एन० मिश्र : राज्य सरकार तात्कालिक सहायता क्या देना चाहती है इसके बारे में हम लोगों को जानकारी नहीं है । हमारा विचार है कि जरूर कुछ ऐसे उपाय किये गये होंगे जिन से कि इन लोगों की मदद हो । लेकिन दूसरी पंचवर्षीय योजना में उन लोगों की शिक्षा दीक्षा के लिये काफी इन्तजाम करने की बात को राज्य सरकार ने ध्यान में रखा है ।

श्री देवगम : क्या केन्द्रीय सरकार इस विषय में कोई आदेश राज्य सरकार को देगी ?

श्री एस० एन० मिश्र : जहां तक योजना कमीशन का ताल्लुक है, योजना कमिशन पिछड़े हिस्सों के लिये और पिछड़े भाइयों की भलाई के लिये काफी जोर देती है और योजना कमिशन के यही विचार राज्य सरकारों को समय समय पर बतलाये जाते हैं ।

Tea Industry

*1452. **Shri Hem Raj :** Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 2628 on the 27th April, 1955 and state :

(a) whether any schemes have since been finalised by Government for the development of Tea Industry in the Kangra District (Punjab) ; and

(b) if so, whether a copy thereof will be laid on the Table of the House ?

The Minister of Commerce (Shri Karmarkar) : (a) No. Sir.

(b) Does not arise.

Shri Hem Raj : When last time this question was asked the hon. Minister informed me that this matter was under the consideration of the Tea Board. May I know what were the recommendations of the Tea Board ?

Shri Karmarkar : In September, 1954 the Government of Punjab approached the Tea Board for financial assistance in this matter. Later on we sent a team of two officers and in the meeting of the executive committee of the Tea Board held on 23rd April, 1955 at Palampur, Kangra District, the Chairman of the Tea Board and members had discussion with local planters. Then it was found that the scheme submitted by the Punjab Government required further consideration and I find that the District Industries' Officer has promised to submit a scheme. Now, all these matters are under consideration.

Shri Bishwa Nath Roy : Is there any scheme under consideration of the Government for tea plantation in any new area in the country ?

Shri Karmarkar : In Kangra District or elsewhere I think, otherwise it is a very wide question.

Shri Bishwa Nath Roy : I mean any new area in the Punjab ?

Mr. Speaker : So. the question is a restricted one.

Shri Karmarkar : It is rather difficult to say off-hand whether the Punjab Government has any idea of extending tea-plantation. I would require notice to answer that question.

Shri Hem Raj : May I know what efforts have been made by the Tea Board to promote co-operative efforts among the small tea growers of Kangra District ?

Shri Karmarkar : As my friend doubtless will see co-operative efforts lie principally within the domain of the State Government but if the State Governments take any measure we shall be happy to help them if any useful scheme is put. In fact, as I said, the District Industries Officer has promised to put up a scheme for improving the lot of the Kangra tea growers. I shall also add that I have not forgotten the invitation of the hon. Member to visit the area and see for myself what difficulties are there.

Shri K. P. Tripathi : May I know what is the position in regard to the International Tea Agreement ? Under that Agreement there was a limitation in new plantations of tea. If that is not prevalent is anybody free now to plant tea as he likes or is there some restriction ?

Shri Karmarkar : In Kangra district or outside ?

Shri K. P. Tripathi : Anywhere in the country.

Shri Karmarkar : I am not prepared to answer that question without notice. With regard to information outside Kangra District I am not prepared fully and if the hon. Member will table a question in respect of of this I will be able to answer the same.

Evacuees from Burma and Malaya

*1453. **Sardar Iqbal Singh** : Will the **Prime Minister** be pleased to state :

(a) the total amount advanced under the Government of India's Scheme of Financial Assistance to Evacuees from Burma and Malaya ;

(b) the recoveries already made from them so far ; and

(c) whether any amount is likely to be written off and if so how much ?

The Parliamentary Secreatry to the Minister of External Affairs (Shri Sadat Ali Khan) : (a) the total amount paid to evacuees from Burma, Malaya, etc. was Rs. 7,17,97,900.

(b) the total amount recovered so far is Rs. 20 00,000 approximately.

(c) the amount already written off is Rs. 48,71,516 approximately. Further amounts will be written off whenever the loans are found to be irrecoverable due to incapacity of the evacuees to repay.

Sardar Iqbal Singh : May I know whether the Government have got any proposal to give some financial aid to those Indians who have suffered loss during this period in Singapore, Malaya and Burma ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : I could not quite follow the question.

Mr. Speaker : Whether there is any proposal of paying any compensation to those people who have suffered loss in Singapore, Malaya and Burma ?

Shri Jawaharlal Nehru : These are war-time payments made to large number of Indians there. The whole scheme ended in 1948. I do not know what the hon. Member is referring to. Is it something subsequent ?

Sardar Iqbal Singh : Is the Government aware that the Governments of these two countries have given compensation to their own persons, such as the Englishmen have been given some kind of compensation for their loss which they incurred during the war, and if so, will the Government of India consider the question of giving the Indians some sort ofcompensation for the loss which hey have incurred during the war ?

Shri Jawaharlal Nehru: I have not been able to understand the question. It is very confusing. Is the hon. Member referring to war period or something subsequent ?

Mr. Speakar : War period

Shri Jawaharlal Nehru : Rs. 7 crores have been given. I do not know what else the hon. Member expects us to do in this matter. I may mention that this whole transaction is a pre-independence transaction.

Manufacture of Tractors

*1455. **Dr. Ram Subhag Singh** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that Government have received a proposal for the setting up of an industrial undertaking at Faridabad for the manufacture of tractors and their parts ;

(b) if so, when this factory will be set up ; and

(c) the number of tractors that will be assembled and manufactured there per annum ?

The Minister of Industries (Shri Kanungo) : (a) to (c). Yes, Sir. An application under the Industries (Development and Regulation) Act, for the manufacture at Faridabad of 1, 200 tractors per

annum as well as attachments and implements thereto, has been received. No final decision has yet been taken on it.

Dr. Ram Subhag Singh : May I know the name of the concern which has filed application with the Commerce and Industry Ministry for opening this tractor manufacturing centre ?

Shri Kanungo : It is Messrs. Prem Nath and Company.

Dr. Ram Subhag Singh : Is there any foreign party also associated with this firm and when is this factory likely to be opened ?

Shri Kanungo : It is still in the consideration stage and they have not completed the negotiations with their foreign collaborators. The Government have appointed a committee to find out what is the total requirement of tractors in India and after that data has been collected, the matter will be considered.

Dr. Ram Subhag Singh : May I know whether the terms of reference of that committee also include finding out whether small tractors can be manufactured here and not only 30 H. P. tractors ?

Shri Kanungo : The terms of reference of the committee are about the annual requirement of tractors of various horse powers.

Shri Gadilingana Gowd : May I know if the Government has any proposal to open workshops in various regions to repair unserviceable tractors in the possession of the Governments and also individual farmers ?

Shri Kanungo : That is a matter for State Governments.

Shri Nanadas : May I know the estimated cost of this project.

Shri Kanungo : It has not been worked out as yet.

Shanghai Municipal Council

*1456. **Shri Krishnacharya Joshi** : Will the **Prime Minister** be pleased to refer to the reply given to Starred Question No. 1145 on the 14th December, 1954 and state :

(a) whether the Government of People's Republic of China have agreed to the settlement of claims of *ex*-Indian employees of the Shanghai Municipal Council; and

(b) If so, whether part payments of the claim have been made by the Government of India to these employees ?

The Deputy Minister of External Affairs (Shri Anil K. Chanda) : (a) No, Sir.

(b) In order to mitigate the hardship caused to these *ex*-employees of the Shanghai Municipal Council the Government of India sanctioned in June last *ex-gratia* payments to each of these individuals to the extent of 25% of the total verified claim in respect of gratuity, deferred pay and long-leave pay, subject to a maximum of Rs. 1,000/- and a minimum of Rs. 250/-in each individual case, provided that where the total claim is less than Rs. 250/- only, the actual amount due would be paid. The State Governments have been asked to make these payments to the individuals concerned.

Shri Krishnacharya Joshi : May I know the total number of *ex*-Indian employees in the Shanghai Municipal Council ?

Shri Anil K. Chanda : I think the number involved is about 1,000.

Shri Krishnacharya Joshi : May I know the total amount sanctioned for the purpose ?

Shri Anil K. Chanda : Just 25 per cent. The total amount of their claim is about Rs. 4,50,000.

Shri Kamath : Arising out of the answer to part (a) of this question, may I know whether the Government of the People's Republic of China has finally refused to settle the claims, or is this matter still under their active consideration ?

Shri Anil K. Chanda : No, Sir, they have not refused to pay. They are examining the cases. There are innumerable cases of this kind which are pending with the Government.

Coal

*1458. **Shri L. N. Mishra** : Will the Minister of **Production** be pleased to state :

(a) the basis on which the coal is distributed among the various States; and

(b) who classifies the different grades of coal and who fixes the price ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) Coal quotas are fixed according to the demands of different classes of industries and consumers and not for various States as such. After the overall quotas have been approved, supplies are arranged to the industry or the consumer depending upon the availability of transport.

(b) Grading of coal is done by the Coal Board. Coal prices are fixed by the Government.

Shri L. N. Mishra : May I know the reason why some of the States have complained that they have not received their quota in time and that their quota is not fixed according to their requirements, the conditions of scarcity, etc ?

Shri Satish Chandra: The quotas are fixed after consulting the State Governments. There is a State Coal Controller who is the sponsoring authority for the requirements of coal in a particular State. The allocations and priorities are decided by the Central Government. The Coal Commissioner takes into account the recommendations of the State Governments and also the availability of transport. I do not know if there is scarcity in any State, and if it is brought to the notice of Government, we will look into it.

Shri L. N. Mishra : May I know if it is a fact that the supply is restricted because of the want of transport, and if so, have any special efforts been made during these two years to improve the transport facilities and if so, what are the special arrangements that have been made?

Shri Satish Chandra : Special case is taken to ensure quicker movement of wagons. If the hon. Member gives notice of a separate question, I will supply him with detailed particulars. Broadly speaking I can say that more wagons are being loaded every day from coal-fields now, than what were being loaded two years before.

Shri Nanadas : May I know how the Government assess the requirements or the demands of the individual consumer of coal?

Shri Satish Chandra : There are various types of consumers including certain priority consumers such as railways. In some industries, the demand is stable, while there are other industries where the demand fluctuates. So, all these factors are taken into consideration by the sponsoring authorities at the Centre and in the States. For some of the more important industries, the demand is sponsored by the sponsoring authority at the Centre. After taking all these demands and also the availability of transport into consideration quotas are allotted to various industries and consumers.

Match Factories

*1459. **Shri H. G. Vaishnav** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the number of Match Factories existing at present in Hyderabad State;

(b) whether all of them are working and

(c) if not, the reasons theerefor?

The Minister of Industries (Shri Kanungo) : (a) to (c). There are 13 match factories in Hyderabad State, but almost all of them are reported to have closed down due to financial difficulties and uneconomic working.

Shri H. G. Vaishnav : May I know whether the State Government has instructions to ask the managements of those factories to start work after giving some aid to them?

Shri Kanungo : There was a representation from a particular district in Hyderabad and the State Government is looking into the matter. But the fact is that most of the managerial ability has left that part of the country and there is keen competition from Sivakasi on the end-products.

Shri H. G. Vaishnav : May I know whether the Government is aware that the big match factory at Vizagpur in Aurangabad District has been closed because the proprietor had left for Pakistan six years ago?

Shri Kanungo : May be.

Shri H. G. Vaishnav: May I know if there is any scheme to turn this industry into a cottage industry and if some efforts have been started at Hyderabad in this direction?

Shri Kanungo : The effort today is to start as many cottage industries as possible, and one proposal of the Hyderabad Government has been sanctioned.

Shrimati Renu Chakravartty : May I know if it is a fact that one of the difficulties is the lack of market, because the biggest company is the WIMCO and it controls 90 per cent of the market in India?

Shri Kanungo : Yes, but with the imposition of differential excise duties, that factor has been taken care of and the production in the cottage sector is showing a progressive increase.

रंगाई की मशीनें

*१४६१. **श्री आर० एस० तिवारी** : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या रंगाई उद्योग की सम्पूर्ण आवश्यकताओं को पूरा करने के लिये भारत में मशीनों का उत्पादन पर्याप्त है ;

(ख) यदि नहीं तो इस काम के लिये कहां से मशीनें प्राप्त की जा रही हैं ; और

(ग) इस सम्बन्ध में कमी को पूरा करने के लिये सरकार द्वारा क्या कार्यवाही की जा रही है ?

उद्योग मंत्री (श्री कानूनगो) : (क) जी हां, केवल कुछ विशेष प्रकार की मशीनें ही आयात करनी पड़ती हैं ।

(ख) रंगाई कारखानों की कुछ विशेष मशीनें ब्रिटेन, जापान, जर्मनी, स्विटजरलैंड और सीमित तौर पर डेन्मार्क तथा बेल्जियम से मंगाई जाती हैं ।

(ग) जो देशी निर्माता इन विशेष मशीनों का निर्माण करना चाहते हैं, इस्पात की उपलब्धि तथा बिजली देने में उनकी सहायता की जाती है ।

श्री आर० एस० तिवारी : क्या माननीय मंत्री जी यह बतलाने की कृपा करेंगे कि रंगाई उद्योग की मशीनों की उत्पत्ति के लिये कितनी धन-राशि इकट्ठी की जायेगी?

श्री कानूनगो : जितनी जरूरत है, वे तो बन सकती हैं और बनती हैं और ज्यादा स्पेशलाइज्ड एक्विपमेंट बनाने के लिये कोई ज्यादा मांग नहीं है ।

श्री आर० एस० तिवारी : रंगाई मशीनों से सम्बन्धित यह काम कब तक पूरा हो जायेगा । जब कि बाहर से मशीनें न मंगानी पड़ेंगी ?

श्री कानूनगो : जो स्पेशलाइज्ड टाइप आफ मशीन्ज हैं, उनकी मांग हमारे मुल्क में इतनी कम है कि उनको बनाने में नफा नहीं होगा ।

सेठ अचल सिंह : क्या माननीय मंत्री बताने की कृपा करेंगे कि विदेशों से हर साल कितने रुपये के रंग मंगाये जाते हैं ?

श्री कानूनगो : रंग का सवाल दूसरा है ।

अध्यक्ष महोदय : यह सवाल रंग के बारे में नहीं है। यह सवाल मशीनरी के बारे में है ।

Tariff Concessions

*1464. **Shri L. N. Mishra** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the Government of India have been approached by the other contracting parties to the General Agreement on Tariffs and Trade (GATT) for tariff concessions on a number of items ;

(b) if so, the items on which concessions have been sought for ; and

(c) the decision taken by Government in the matter ?

The Minister of Commerce (Shri Karmarkar): (a) No Sir.

(b) and (c). Do not arise.

विन्ध्य प्रदेश में रेडियो स्टेशन

*१४३८. **श्री आर० एस० तिवारी** : क्या सूचना और प्रसारण मंत्री ११ अप्रैल, १९५५ को दिये गये तारांकित प्रश्न संख्या २१२४ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) विन्ध्य प्रदेश में कब तक एक रेडियो स्टेशन के खोले जाने की संभावना है ;

(ख) वह कहां पर होगा ; और

(ग) अनुमानतः उस पर कितना व्यय होगा ?

सूचना तथा परिवहन मंत्री (डा० केसकर): (क) से (ग). द्वितीय पंचवर्षीय योजना के नक्शे में विन्ध्य प्रदेश में एक रेडियो स्टेशन खोलने का सुझाव भी शामिल कर लिया गया है ।

श्री आर० एस० तिवारी : क्या मंत्री जी यह बताने की कृपा करेंगे कि वह कौनसा स्थान होगा, जहां रेडियो स्टेशन खोला जायेगा ?

डा० केसकर: सिद्धान्तरूप से यह मान लिया गया है कि वह एक स्थान पर होगा

वह किस स्थान पर होगा यह अभी तय नहीं किया गया है । यह उसी समय तय होगा, जब कि प्लानिंग कमिशन सारी पंचवर्षीय योजना मान लेगा ।

सामुदायिक रेडियो सट

*१४४६. **श्री क० सी० सोधिया** : क्या सूचना और प्रसारण मंत्री यह बताने की कृपा करेंगे कि

(क) क्या यह सच है कि १९५५–५६ में सामुदायिक विकास योजनाओं के अन्तर्गत ग्रामीण क्षेत्रों में सामुदायिक रेडियो सेट लगाने के लिये मध्य प्रदेश की सरकार को कुछ सहायक अनुदान देने का विचार है ;

(ख) क्या इस सम्बन्ध में मध्य प्रदेश की सरकार द्वारा कोई योजना भेजी गई है ; और

(ग) यदि हां, तो कितनी राशि की मांग की गई है ?

सूचना और प्रसारण मंत्री (डा० केसकर): (क) से (ग). मध्य प्रदेश सरकार ने केन्द्रीय सरकार की सहायता योजना में सन् १९५५–५६ के लिये ४०० पंचायती रेडियो सेट मांगे हैं । मध्य प्रदेश सरकार को फ्री रेडियो सेट १५० रुपये के हिसाब से या सेटों के कुल दाम का ५० प्रतिशत जो भी कम हो अनुदान दिया जायेगा ।

श्री क० सी० सोधिया : एक एक सेट का सालाना खर्चा कितना होता होगा मय उसकी कीमत के ?

डा० केसकर: सेट्स का दाम सवा सौ से डढ़ सौ रुपये तक होता है लेकिन कम्युनिटी सेट्स में सेट के अलावा कुछ एक्सेसरी यंत्रों की भी जरूरत होती है जैसे लाउड स्पीकर वगैरह । सब मिला कर दो सौ से तीन सौ रुपये तक दाम हो जाता है ।

श्री क० सी० सोधिया : क्या इस गांव वालों को भी कुछ मदद देनी पड़ेगी ?

डा० केसकर : सेंट्रल गवर्नमेंट स्टेटों को यह दे देती है । यह उनके ऊपर है कि वे गांव वालों से पैसा लें, या उनको मुफ्त में भी दे दें । बहुत सी सरकारें गांव वालों को वैसे भी दे देती हैं, कुछ आधा दाम लेती है । भिन्न भिन्न राज्यों में भिन्न भिन्न तरीका अपनाया जाता है ।

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि मध्य प्रदेश के अलावा और किन किन राज्यों ने ऐसे सेट्स मांगे ह, और सरकार ने देने का वचन दिया है ?

डा० केसकर : सब से ज्यादा उत्तर प्रदेश ने मांगे हैं और उनको दे भी दिये गये हैं । इसके अलावा हिमाचल प्रदेश, ट्रावनकोर-कोचीन और आसाम ने भी मांगे हैं ।

श्री क० सी० सोधिया : एक एक सेट कितने कितने गांवों की जरूरत पूरी करेगा ?

डा० केसकर : वह सुनने वालों की जरूरत पूरी करेगा ।

श्री कामत : मध्य प्रदेश में इन सटों के वितरण के बारे में केन्द्रीय सरकार राज्य सरकार को सलाह देती है या नहीं ?

डा० केसकर : जब हम यहां से राज्य सरकारों को सेट देते हैं तो हमारा उनको यही आदेश होता है कि सेट्स की मरम्मत और रोजमर्रा के चलने के बारे में राज्य सरकारों को कोई व्यवस्था करनी चाहिये । खाली सेट देने से काम नहीं होता । लेकिन हमेशा यह देखना कि राज्य सरकारें इस मामले में क्या कर रही हैं बहुत कठिन है । तब भी जहां तक हो सकता है हम देखते हैं कि सेटों की मरम्मत के लिये और उनका रोजमर्रा का चलना देखने के लिये इंस्पेक्टर या मिकैनिक वगैर नियुक्त किये जायें ।

श्री विभूति मिश्र : क्या केन्द्रीय सरकार विविध स्टेटों को मांगने पर ही सैट देती है या केन्द्रीय सरकार हर एक स्टेट सरकार के लिये अपनी तरफ से कोटा एलाट करती है ?

डा० केसकर : मांगने पर देती है । मगर उसकी बिना यह है । सब राज्यों के इनफारमेशन मिनिस्टरों और डाइरेक्टर्स आफ इनफारमेशन की यहां एक सभा हुई थी । उसके अनुसार हर एक स्टट ने अपना अपना कोटा बांध लिया था कि हमको इतनी आवश्यकता पड़ेगी । उस पर उन सब को सूचना दे दी गई कि अब सैट तैयार हो सकते हैं और मिल सकते हैं, आपको जब जरूरत हो फौरन मंगा लें ।

श्री आर० एस० तिवारी : क्या विन्ध्य प्रदेश ने अपना कोटा बांधा हुआ है ?

Rubber Factory

*1449. **Shri Punnoose** : Will the Minister of **Commerce and Industry** be pleased to refer to the replies given to Starred Question No. 2488 on the 2 2nd April, 1955 and state :

(a) whether any applications have since been received from the Private Sector to start a Rubber Factory in Travancore-Cochin State with the collaboration of the foreign undertaking of Goodrich;

(b) if so, the names of the applicants; and

(c) the terms and conditions proposed by them ?

The Minister of Industries (Shri Kanungo) : (a) to (c). Certain discussions have taken place with a firm's representative for the starting of a rubber factory in the Travancore-Cochin State. A formal application under the Industries (Development and Regulation) Act, 1951 is awaited.

Shri Punnoose : May I know whether it is a foreign firm that has applied for this ?

Shri Kanungo : No, it is Indian firm with foreign collaboration.

Shri Punnoose : How much of that investment will be Indian and how much foreign.

Shri Kanungo : That is still in the stage of discussion and has not been finalised yet.

Shri Punnoose : May I know whether there is a proposal before the Government to produce tyres in the present rubber factory in Travancore-Cochin and also whether it is a fact that this proposal is being shelved for this alliance with the foreign company ?

Shri Kanungo : There is no such proposal from the Travancore-Cochin State.

Shri Punnoose : Is it not a fact that the chief of the rubber factory was called to Delhi and there was a conference between higher circles and that there was a definite proposal that 12, coo tyres could be produced per year ?

Shri Kanungo : There have been discussions off and on, but then there is no definite proposal from the State Government to that effect.

Shri Nanadas : May I know whether the Central Government would call for applications from the State Governments ?

Shri Kanungo : The Central Government welcomes proposals from all State Governments.

Shri Punnoose : Is there only one....

Mr. Speaker : Order, order. The hon. Member has put nearly half a dozen supplementaries.

Shri Punnoose : I will ask only one more question.

Is there only one applicant for this rubber factory business or more than one applicant ?

Shri Kanungo : There has been no application yet. It is only a proposal.

Mr. Speaker : The question list is over.

WRITTEN ANSWERS TO QUESTIONS

Import of Chemical Fertilizers

*1432. **Shri D. C. Sharma** : Will the Minister of **Commerce and Industry** be pleased to lay a statement on the Table of the House showing the kinds and quantities of chemical fertilizers proposed to be imported during 1955-56 ?

The Minister of Commerce (Shri Karmarkar) : A state-

ment is laid on the Table of the House [*See* Appendix VIII, annexure No. 24.]

Script Censoring

*1434. **Shri Bhagwat Jha Azad** : Will the Minister of **Information and Broadcasting** be pleased to state :

(a) whether Government propose to introduce a system of censoring at the script stage of a motion picture instead of the prevailing system of censoring after production ; and

(b) whether the Indian Motion Pictures Producers' Associations has requested Government for script censoring ?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) It is proposed that in the National Film Board pre-censorship of scripts in an advisory capacity will be taken up.

(b) No.

Bhakra Dam

*1435. **Dr. Satyawadi** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether any decision has since been taken in regard to the depth of the foundation of the Bhakra Dam ; and

(b) if so, the details thereof ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Not yet, Sir.

(b) Does not arise.

Power Projects

*1439. **Shri A.N. Vidyalankar** : Will the Minister of **Irrigation and Power** be pleased to state :

(a) how far the location of the various power projects is consistent with the requirements of the expansion of industries in the various part of the country ;

(b) how far the location is decided in consultation with the Ministries concerned of the Central and State Governments ;

(c) whether any survey of the required loads at different localities is made from time to time ;

(d) if so, who undertakes such surveys ; and

(e) whether Government poropose to fix proportions for the use of power for lighting and industrial purposes ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) to (e), A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 25.]

Rajindra Nagar Quarters

*1442. **Babu Ramnarayan Singh**: Will the Minister of **Rehabilitation** be pleased to state:

(a) whether any decision has since been taken with regard to the retention of the Rajindra Nagar quarters; and

(b) if so , the nature thereof ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle) : (a) No final decision has been arrived at so far.

(b) Does not arise.

Book Match Factory

*1445. **Shri M.S. Gurupadaswamy** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether there is a proposal to set up a Book Match Factory at Faridabad (Punjab) ;

(b) if so, whether the necessary permission has been granted ; and

(c) the total capacity of the proposed Factory ?

The Minister of Industries (Shri Kanungo) : (a) to (c). Yes. Sir. The matter is under consideration.

Export Trade

*1454. **Shri Bhagwat Jha Azad;**
Shri P. Ramaswamy :

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether any programme for promoting the export of Indian goods has been prepared by Government; and

(b) if so, the details, thereof ?

The Minister of Commerce (Shri Karmarkar): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 26.]

Claims of Displaced Persons

*1457. **Babu Ramnarayan Singh** : Will the Minister of **Rehabilitation** be pleased to state :

(a) whether Government are aware that there is some discontentment

amongst the displaced persons due to delay in the settlement of their claims; and

(b) if so, whether Government will take steps to see that no undue delay occurs in the settlement of these claims ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) and (b). Every possible step is being taken to ensure that there is no avoidable delay in the payment of compensation.

Cottage and Small Scale Industries

*1460. **Shri M.S. Gurupadaswamy** : Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total amount sanctioned to the Delhi State Government during the current financial year for the development of Cottage and Small Scale Industries;

(b) whether any report on the utilisation of the money has been received from the State Government; and

(c) if so, how the money has been utilised ?

The Minister of Industries (Shri Kanungo): (a) Rs. 48,100/-.

(b) and (c). The grant in question was sanctioned only on 2nd September, 1955.

Community Projects and N.E.S.Blocks

*1462. **Shri Bhagwat Jha Azad** : Will the Minister of **Planning** be pleased to state :

(a) the increase achieved so far in the percentage of literacy in the Community Projects, Community Development and the National Extension Service Blocks ; and

(b) the number of schools opened in all the three areas upto June, 1955?

The Deputy Minister of Planning (Shri S.N. Mishra): (a) The increase achieved in the percentage of literacy in Community Projects, Community Development and National Extension Service Blocks upto the period ending March 1955 is estimated at roughly 3 per cent.

(b) 8,431 new primary and secondary schools and 22,054 adult education centres were opened and 2, 505 ordinary schools converted into basic type upto March 1955.

Compensation to Displaced Persons

*1463. **Babu Ramnarayan Singh** : Will the Minister of **Rehabilitation** be pleased to state whether it is a fact that Government have decided to give priority in the payment of compensation to the displaced persons who have always been prompt in paying the Government dues ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): No.

Indian Textile Delegation to Ceylon

*1465. **Shri M.S. Gurupadaswamy**: Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that an Indian Textile Delegation visited Ceylon and neighbouring countries some time back to make a study of textile markets there;

(b) if so, who were the members of the delegation ;

(c) whether they have submitted any report ; and

(d) if so, the main points of their report?

The Minister of Commerce (Shri Karmarkar) : (a) A delegation sponsored by the Cotton Textile Export Promotion Council has recently visited East Asian countries including Ceylon.

(b) The members of the delegations were

(1) Shri C.C. Javeri
(2) Shri Arvind Narottam Sheth
(3) Shri M. N. Savani
(4) Shri T.P. Barat
(5) Shri P. K. Nagersheth

(c) No report has yet been submitted Government.

(d) Does not arise.

Fertilizer Factories

754. **Shri K. P. Sinha** :
Sardar Iqbal Singh :

Will the Minister of **Production** be pleased to state :

(a) the number of fertilizer factories proposed to be set up in the near future; and

(b) the names of the places where they are to be located ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) and (b). The Government's decision to establish

a nitrogenous fertilizer factory in the Bhakra-Nangal area has already been referred to in reply to earlier questions answered in the Lok Sabha. The number of additional units to be established for the production of nitrogenous fertilizers and their location are under the consideration of the Government.

Rehabilitation of Displaced Persons

755. Shri M. Islamuddin: Will the Minister of **Rehabilitation** be pleased to state:

(a) the number of displaced persons rehabilitated in Bihar so far; and

(b) the number of persons yet to be rehabilitated there?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) 78,855.

(b) All those displaced persons who stood in need of assistnce have been given rehabilitation benefits. If the case of any new displaced person comes to the notice of Government, that will be considered.

Roads in Bihar

756. Shri M. Islamuddin: Will the Minister of **Planning** be pleased to state:

(a) the total mileage of roads constructed in the State of Bihar so far in the Community Project areas and the National Extension Service Blocks, giving the length completed year-wise; and

(b) the names of the localities where these roads have been constructed?

The Deputy Minister of Planning (Shri S. N. Mishra): (a) and (b). A statement giving the information is laid on the Table of the House. [*See* Appendix VIII, annexure No. 27].

Shrines in Pakistan

757. Shri D. C. Sharma: Will the **Prime Minister** be pleased to state:

(a) the number of Indian pilgrims who visited the Shrines in West Pakistan during the year 1955 so far; and

(b) the places of pilgrimage which they visited?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): a) and (b). A statement is placed on the Table of the House. [*See* Appendix VIII, annexure No. 28].

Slate

758. Shri Ibrahim: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the names of the places in India where Slate factories are situated; and

(b) the names of places in India where Slate stone is found.

The Minister of Commerce (Shri Karmarkar): (a) and (b). A statement is attached. [*See* Appendix VIII, annexure No. 29].

Settlement Staff

759. Shri Ibrahim: Will the Minister of **Rehabilitation** be pleased to lay on the Table of the House a statement showing the total number of—

(i) Settlement Commissioners.

(ii) Assistant Settlement Comissioners.

(iii) Settlement Officers; and

(iv) Assistant Settlement Officers at present working under the Chief Settlement Commissioner?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): A statement conaining the required information as on the 1st September, 1955, is laid on the Table of the Sabha. [*See* Appendix VIII, annexure No. 30].

व्यापार प्रदर्शनियां और मेले

७६०. **{श्री विभूति मिश्र: श्री गिडवानी:**

क्या वाणिज्य और उद्योग मंत्री सभा-पटल पर एक विवरण रखने की कृपा करेंगे जिसमें निम्नलिखित दिखाया गया हो :

(क) अक्टूबर, १९५४ से जून, १९५५ तक के काल में भारत ने किन किन देशों की वाणिज्यिक प्रदर्शनियों और मेलों में भाग लिया ;

(ख) उक्त प्रदर्शनियां और मेले किन किन स्थानों पर हुये थे, और वहां पर कौन कौन सी भारतीय वस्तुयें सब से अधिक पसन्द की गईं ;

(ग) उन पर कितना व्यय हुआ ; और

(घ) ऐसी प्रदर्शनियां और मेलों के सम्बन्ध में विदेश स्थित भारत व्यापार मिशनों द्वारा किस हद तक सहायता दी गई?

उद्योग मंत्री (श्री कानूनगो): (क) से (घ). एक विवरण साथ में नत्थी है । [देखिये परिशिष्ट ८, अनुबन्ध संख्या ३१]

Influx of Muslims to India

761. **Shri K. P. Sinha:**
Shri Krishnamacharya Joshi:

Will the **Prime Minister** be pleased to state the total number of Muslims who returned to India from Pakistan during 1954?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): The information is being collected. It will be placed on the Table of the House as soon as it is received.

गायों की खालों का निर्यात

७६२. **सेठ गोविन्द दास** : क्या **वाणिज्य और उद्योग** मंत्री यह बताने की कृपा करेंगे कि १९४४–४५ और १९५४–५५ में अलग अलग कितनी मात्रा में और कितने मूल्य की गायों की खालें, हड्डियां, चर्बी, गाय और अन्य गौ जाति के पशुओं का निर्यात किया गया ?

वाणिज्य मंत्री (श्री करमरकर): एक विवरण साथ में नत्थी है । [देखिये परिशिष्ट ८, अनुबन्ध संख्या ३२]

Import and Export of Publications

763. **Shri Gidwani:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total cost of books, magazines and perodicals imported into India separately from Dollar, Sterling, Yen and Rouble areas during 1952 to 1954 year-wise and

(b) the cost of books, magazines and periodicals exported to these areas during the same period?

he Minister of Commerce (Shri Karmarkar): (a) and (b). A statement is attached. [*See* Appendix VIII, annexure No. 33.]

Subsidised Industrial Housing Scheme

764. **Dr. Satyawadi:**
Shri M. Islamuddin:
Shrimati Anusayabai Borkar:

Will the Minister of **Works, Housing and Supply** be pleased to lay on the Table of the House a statement showing the comparative figures for 1953-54 and 1954-55 in respect of:

(a) the grants of loans and subsidy to each State under the Subsidised Industrial Housing Scheme;

(b) the contributions from the Employers and State Governments or the construction of houses under the fscheme; and

(c) the number of houses built by the Employers concerned?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) to (c). Two statements giving the requisite information are placed on the Table of the Sabha. [*See* Appendix VIII, annexure No. 34].

Racial Discrimination

765. **Sardar Iqbal Singh:**
Shri [Raghunath Singh:

Will the **Prime Minister** be pleased to refer to the reply given to starreed question No. 174 on the 18th November, 1954 and state the further steps taken u-ited Nations Organisation in the dispute between India and South Africa on the discriminatary treatment meted out to non-Europeans in South Africa?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): There are two items on the agenda of the U.N. General Assembly relating to discriminatary treatment meted out to non-Europens in the Union of South Africa.

One of the items relates to the general question of race conflict in South Africa resulting from the policies of apartheid of the Government of the Union of South Africa. On this question, the U.N. Commission on the Racial Situation in South Africa which was established by the General Assembly, made a report to the last session of the General Assembly. The General Assembly adopted a resolution expressing its apprehension at the adoption of new laws and regulations by the Government

of the Union of South Africa which in the Commission's view were also incompatible with the obligations of that Government under the U.N. Chater. The General Assembly also requested the U.N. Commission to keep under review the problem of race conflict in the Union of South Africa and to report to the General Assembly at its next session.

For the last few months the Commission has been engaged in the study of the present racial situation in the Union of South Africa. The report of the Commission has not yet been published.

The second item on the agenda of the General Assembly relates to the question of treatment of persons of Indian origin in the Union of South Africa. The Secretary-General of the U.N. recently nominated Sr. Luis de Faro, a former Brazilian Ambassador to the Federal German Republic to assist in negotiations between the Governments of India, Pakistan and the Union of South Africa. The Union Government have, we understand, refused to recognise Sr. de Faro and informed the Secretary-General accordingly. This question will come up again before the forthcoming session of the U.N. General Assembly.

N.E.F.A.

766. Shri Rishang Keishing: Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that the N.E.F.A. Administration has undertaken an Elephant Hunt Scheme to capture over a hundred elephants from the N.E.F.A. areas;

(b) if so, the purpose for which the elephants are to be captured; and

(c) the expenditure to be incurred on this scheme?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) to (c). Elephant capturing operations are an annual feature in the North East Frontier Agency; the number depending on the expected demand. This year it is proposed to capture 116 elephants.

The capture of elephants serves a two-fold purpose; it keeps the elephant population in check as otherwise considerable damage may be caused to the crops; and it brings some revenue to Government.

The elephants are actually captured by agents, who are appointed on the basis of competetive tenders. The Government does not incurr any expenditure on these operations.

Rural Electrification

767. Shri L.N. Mishra: Will the Minister of **Irrigation and Power** be pleased to state the steps taken so far to constitute Electricity Boards in the various States to encourage rural electrification as suggested by the Planning commission?

The Deputy Minister of Irrigation and Power (Shri Hathi): Electricity Boards have been set up so far in the States of Delhi, Madhya Pradesh, Saurashtra, Bombay and West Bengal. The question of formation of such Boards in the remaining States was discussed at a Conference of State Ministers incharge of Electricity at New Delhi in Feb., 1955 and the time limit for the setting up of Boards was extended by one year more *i.e.*, up to the 31st March, 1956, with a view to enabling the various States to take steps to constitute the Board. It was made clear that this would be the last extension that could be agreed to. The matter is also being discussed personally by the Minister of Irrigation and Power, with the Chief Ministers of the various States.

Residential Accommodation

768. Shri Veeraswamy: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) when the work of reconstruction of C-2 Chummeries in Lodni Colony was taken up:

(b) when they will be ready for allotment;

(c) whether it is a fact that the decision in regard to allotment of Chummeries already reconstructed has been changed; and

The Minister of Works, Housing and Supply (Sardar Swaran Singh):

(a) March, 1959.

(b) The conversion work is to be carried out in stages and is likely to be completed only in 1957-58, though the first lot of flats obtained by conversion of two blocks is expected to be ready for allotment soon.

(c) No final decision has so far been taken.

(d) Does not arise.

लोह की वस्तुओं का निर्माण

७६९. श्री आर० एस० तिवारी : क्या वाणिज्य और उद्योग मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या टाटा आयरन एन्ड स्टील वर्क्स, इन्डियन आयरन वर्क्स और मैसूर

आयरन वर्क्स के अतिरिक्त कोई से कारखाने हैं जो लोहे की छीजन को गला कर लोहे की छड़ों जैसी वस्तुयें तैयार करते हैं ! ;

(ख) यदि हां, तो कितने ;

(ग) उनका कुल वार्षिक उत्पादन कितना है ; और

(घ) क्या इन कारखानों को सरकार द्वारा कोई आर्थिक सहायता दी जाती है ?

वाणिज्य मंत्री (श्री करमरकर) : (क) जी, हां ।

(ख) १४१ (जिनमें पुन: ढलाई के रजिस्टर्ड कारखाने भी सम्मिलित हैं)

(ग) १९५४ में १,६६,५१२ टन ।

(घ) पुन: लोहा ढालने के रजिस्टर्ड कारखानों को लोहे की छीजन रियायती दर पर मिलती है जो उसके नियंत्रित विक्रय मूल्य से २० रु० ८ आ० प्रति टन कम है ।

Ambar Charkha

770. **Shri T. Subrahmanyam** : Will the Minister of **Production** be pleased to refer to the reply given to Unstarred Question No. 81 on the 28th July, 1955 and state :

(a) whether 'Ambar Charkhas' have been put into the market ;

(b) the placed where they are manufactured ; and

(c) whether there is any proposal to manufacture these Charkhas on a large scale to increase the production of Khadi ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) No, Sir.

(b) In the Saranjam Karyalayas of the Sarwa Sewa Sangh.

(c) It is proposed to manufacture 10,000 Ambar Charkhas by the end of the current production Centres controlled by Sarwa Sewa Sangh. The production capacity will be tested by using different types of cotton in different climatic conditions. The final decision to introduce it into the market on a large scale will be taken after the results of these tests are known and proposals for the next Five Year Plan have been finalised.

Second Five Year Plan

771. **Shri V.P. Nayar :**
Shri Punnoose :

Will the Minister of **Planning** be pleased to state :

(a) the major schemes proposed for inclusion in the Second Five Year Plan by the Travancore-Cochin Government for the State of Travancore-Cochin and the Madras Government for the District of Malabar ; and

(b) the total estimated cost of the above schemes ?

The Deputy Minister of Planning (Shri S.N. Mishra) : (a) and (b). The draft plan of the Madras Government has been discussed with the Planning Commission. The Madras Government are at present engaged in the previous of the State Plan in the light of the discussions with the planning Commission. The draft plan of the Travancore-Cochin Government will be discussed at the end of September. It is therefore, not yet possible to indicate development schemes for individual districts in any state.

Tea Crop

772. **Shri Janardhan Reddy :**
Shri H.G. Vaishnav :

Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether there has been a fall in the output of South Indian Tea Crop by the end of July, 1955 ; and

(b) if so, the causes threof ?

The Minister of Industries (Shri Kanungo) : (a) Yes, Sir.

(b) Causes for the slight fall in output are insufficient rain in the Nilgiris and prevalence of pests, particulrly in Travancore.

Handloom Cess Fund

773. **Thakur Jugal Kishore Sinha :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) the amount of sanctioned so far out of the Handloom Cess Fund for the various development schemes in Bihar ; and

(b) the amount drawn and spent out of the above Cess Fund by the Bihar Government, and the nature of the Schemes undertaken so far ?

The Minister of Industries (Shri Kanungo): (a) and (b). A statement showing the amounts sanctioned so far to the Bihar Government for various schemes for the development of handloom industry and the amounts spent is at tached. [*See* Appendix VIII, annexure No. 35.]

Grant to Bihar

774. **Thakur Jugal Kishore Sinha:** Will the Minister of **Irrigation and Power** be pleased to state the extent to which the loans and subsidies, granted to the Bihar Government for irrigation purposes during the past three years, have been utilized by the State Government year-wise?

The Deputy Minister of Irrigation and Power (Shri Hathi): The information is being collected and will be laid on the Table of the Lok Sabha.

Claims

775. **Shrimati Subhadra Joshi:**
Shri Bhagwat Jha Azad:

Will the Minister of **Rehabilitation** be pleased to state:

(a) the number of claimants whose verified claims are:—

(i) below Rs. 2,50,000, and

(ii) above Rs. 2,50,000; and

(b) the amount expected to be paid in respect of the above categories under Rule 16 (Appendix VIII) of the Displaced Persons Compensation and Rehabilitation Rules, 1955?

The Deputy Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) and (b). The information is being collected and will be laid on the Table of the Sabha in due course.

Exhibitions, Trade Centres and Show Rooms

776. **Shri M. Islamuddin:** Will the Minister of **Commerce and Industry** be pleased to state the expenditure incurred for participating in Exhibitions, Trade Centres and Showrooms abroad in the years 1953-54 and 1954-55?

The Minister of Commerce (Shri Karmarkar): The information is being collected and ill be laid on the Table of the House as soon as possible.

Films on Five Year Plan

777. **Shri Deogam:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) the number of films produced in connection with the Five Year Plan during 1954-55;

(b) the names of the regional languages in which they are produced;

(c) whether they are supplied to the State Governments for exhibition through their mobile vans; and

(d) whether the State Governments have sufficient number of mobile vans for publicity in rural areas?

The Minister of Information and Broadcasting (Dr. Keskar): (a) Seven.

(b) Assamese, Bengali, Gujarati, Kannada, Kashmiri, Malayalam, Marathi, Oriya, Punjabi, Tamil and Telugu, besides Hindi.

(c) Yes, Sir.

(d) The number of vans with the State Governments is considerable but it is proposed to increase them in the next plan.

Houses in Patel Nagar

778. **Shri M.S. Gurupadaswamy:** Will the Minister of **Rehabilitation** be pleased to state:

(a) the actual cost of two-roomed and three-roomed houses built in South, East and West Patel Nagar, New Delhi;

(b) whether it is a fact that the cost varies from house to house and colony to colony;

(c) whether Government have fixed any price for selling those houses to displaced persons;

(d) whether it is a fact that the price fixed for a three-roomed house in East Patel Nagar is less than the price of a two-roomed house in South Patel Nagar; and

(e) if so, the reasons therefor?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle): (a) Actual cost not yet finalized.

(b) Yes; the cost of houses varies from group to group and colony to colony.

(c) No, the houses were to be sold on actual cost upto 23-4-53, and thereafter by auction to the highest bidder.

(d) Yes.

(e) The increase in the cost is due to the following reasons :

(i) Soil condition *i. e.*, nature of strata, whether rocky or otherwise ;

(ii) Deeper foundation to reach firm soil; and

(iii) Variations in the specifications considered necessary due to technical reasons.

N.E.F.A

779. Shri Reishang Keishing : Will the **Prime Minister** be pleased to state :

(a) whether it is a fact that Government propose to rehabilitate some of the landless labourers from Malabar in N.E.F.A ;

(b) if so, the number of such landless labourers to be rehabilitated there ; and

(c) the main object in view in rehabilitating them in N.E.F.A. ?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru) : (a) to (c). There is no such proposal under consideration.

Restoration of Property

780. Chaudhuri Muhammad Shaffee: Will the Minister of **Rehabilitation** be pleased to state :

(a) the number of applications and cases pending so far for the restoration of evacuee property, which has been under illegal possession since 1947, to their owners ; and

(b) the time by which such property will be restored to the rightful owners ?

The Deputy Minister of Rehabilitation (Shri J. K. Bhonsle) : (a) Nil.

(b) Does not arise.

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

VOLUME VII, 1955

(5th September to 21st September, 1955)

TENTH SESSION, 1955

(Vol. VII contains Nos. 31 to 45)

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LOK SABHA

Monday, 5th September, 1955

The Lok Sabha met at Eleven of the Clock.

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See* Part I)

11-46 A.M.

STATEMENT *RE* PUBLICATION OF BANK AWARD COMMISSION REPORT BEFORE PRESENTATION TO PARLIAMENT

The Minister of Labour (Shri Khandubhai Desai): Sir, you remember the unfortunate publication in an Indian newspaper of extracts from the Bank Award Commission Report in advance of the placing of the report on the Table of the House. I have made enquiries to find out how this leakage occurred and I regret to say that I have been unable to locate the source from which the report or extracts from it reached the representatives of the newspaper in question. A report of this nature had to be printed and it was necessary to send it to a large number of persons who were concerned with it. We are arranging for stricter measures to be taken to safeguard from leakage all such documents. In the meanwhile, I wish to express to you my regrets that this leakage should have occurred.

Shri Kamath (Hoshangabad) *rose*—

Mr. Speaker: Order, order. The House has heard the statement made by the hon. Minister, but I think it is equally the duty of the Press to help observance of parliamentary conventions; it is a wrong practice to obtain information in that manner and give publicity to it before a particular matter is placed before the Parliament. I trust and hope that the Press will follow this kind of convention and help the House in that direction.

Shri Kamath: In view of the unsatisfactory statement made by the hon. Minister and in view of the fact that this is a matter concerning the privileges of Members of Parliament, may I request you to appoint a committee for investigation into the matter and finding out how the the leakage occurred? I would earnestly request you, as the custodian of the rights and privileges of the House, to do so, because Government enquiries are often slipshod.

Mr. Speaker: The hon. Member need not interrupt like this and carry on a commentary. As regards the question of breach of privilege, we are not quite so sure as to whether it is a breach of privilege. If I was quite so sure of that cent per cent, the question could be straightway put before the Privileges Committee, instead of requesting the Minister to enquire and report. After all, parliamentary conventions have to grow; therefore we shall require the co-operation of all concerned, including the Press. As stated by the Minister, in his statement, when a particular document passes through a large number of hands, everyone knows that there is likely to be a leakage. The point is that it is not sufficient to know that there has been leakage. We must put our finger at the place where the leakage occurred, and it becomes difficult. I am not prepared to say that this statement is slipshod; it is truthful and states the position. It admits that something has happened which ought

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not to have happened. I do not propose to appoint a committee for this purpose. I do not agree with the hon. Member.

Shri T. B. Vittal Rao (Khammam): In view of the fact that only one paper has published this and it has not expressed regret in spite of what you said on that occasion, this matter should go to the Committee of Privileges.

Mr. Speaker: I anticipated this question and said that it was doubtful to my mind whether this was a question of privilege or not. It was undoubtedly improper for that paper to do so, but impropriety is one thing and breach of privilege is another thing.

Shri T. B. Vittal Rao: It may do so even now.

Mr. Speaker: It has not been called upon to do so. It may do it even now if it likes. As I said, it is not a breach of privilege; I am not clear.

Shri Kamath: It must do or is it, it may do so?

Mr. Speaker: The hon. Member will see that parliamentary democracy cannot develop by coercion and exercise of authority. It requires willing and understanding co-operation from all concerned. It is therefore better that we do not rub matters because the House is sovereign and it has got a certain authority. That is personally my view of the development of conventions. I do not propose to do anything in the matter. It is left to the particular paper to do whatever it likes. It may or it may not do.

CONVENTION RE QUORUM

Mr. Speaker: I shall now come to a point raised on Saturday by an hon. Member of this House as regards the necessity of there being quorum in the House between the hours of 1 and 2.30 notwithstanding the unanimous convention agreed to by this House. I think, though a technicality is an important one, our approach to technicalities has to be somewhat different. There are many technicalities. But, the substance of all rules and regulations and the Constitution is to facilitate the business of the House, to facilitate the conduct of the proceedings. There are technicalities and technicalities. Some may be of substance. Some may be of minor importance. Those of substance may be considered to be mandatory and others may be considered to be directory. Whatever that may be, the House agreed to this convention just because it found it impossible otherwise to put through the large volume of business coming to the House. It was found that the House must sit for a longer time, at least 6 hours every day. Looking to the climatic conditions and the various experiments of meeting from 11 o'clock, sometimes from 12, sometimes from 2, ultimately, the position is settled now, after experimenting for 3 or 4 years, during which time, unfortunately, the Member who raised the point was not in this House....

Shri Kamath (Hoshangabad): Unfortunately or fortunately?

Mr. Speaker: Unfortunately, I said. Because, I am sure, if he were to take an overall picture, he would have been a party to the convention and he would not have raised this point.

Shri Kamath: I am not so sure.

Mr. Speaker: Whatever that may be, he may take it as a compliment.

Shri Kamath: Thank you.

Mr. Speaker: So, it was necessary to find a way out. Therefore, the convention was made in the interests of the business of the House. If a particular provision of a rule or even the Constitution, for the matter of that, comes in the way of enabling the House to carry on the business, one has to reconsider it as to whether that provision should remain or should not remain. By the

very fact of adopting the convention unanimously, the House, to my mind, properly interpreting the convention, has come to the conclusion that the provision about the continuance of the quorum is a directory one. In view of the fact that the House can make a law even as regards this the House has power to amend the Constitution—it has, by making a convention, if not directly, but indirectly, changed what is stated in some direction in the Constitution, which is not a substantive one. That is how I look at the proposition. Therefore, I think, the convention has to be observed unless the House decides otherwise. But, from the debate which I saw, it seems there has been unanimity in the House on this question.

Shri Kamath: Not unanimity.

Mr. Speaker: One man differing is not non-unanimity, but is substantially complete unanimity of persons who care for the business of the House more than technicalities of the Constitution.

Shri Kamath: I do not agree with that.

Mr. Speaker: Order, order. The hon. Member need not pass remarks.

Now, there is another aspect of it. If one wants to be very particular about the wordings, there is another small aspect of the matter. But, that also has to be taken into consideration.

Article 100 sub-clause (3) says:

> "Until Parliament by law otherwise provides, the quorum to constitute a meeting of either House of Parliament shall be one-tenth of the total number of members of the House."

Look at the wording. Quorum is a substantial necessity to constitute a meeting. But, once a meeting is constituted, then, the Constitution provides a little more liberally. That is in sub-clause (4) which says:

> "If at any time..."

Mark the wording of this also.

> "If at any time during a meeting of a House there is no quorum, it shall be the duty of the Chairman....."

If there is no quorum, no duty is cast on any Member whatever to point out whether quorum is there or not; the duty is cast on the Chair.

> ".....it shall be the duty of the Chairman or Speaker or person acting as such, either to adjourn the House or to suspend the meeting until there is a quorum."

I can appreciate the desire of hon. Members to help the Chair to conform to the rules and regulations. But, ultimately, it is the responsibility of the Chair in case there is no quorum. Then, there is another thing. Hon. Members will note that the convention has been that the House shall not be counted. It is the order of the House and I think even the Speaker shall not count the House between the hours 1 and 2.30, much less a Member. That is the convention. So, it shall not be counted between those hours. When the House makes a convention which is a direction of the House that there shall be no counting, there should be no counting not only by the Chair, but not even by a Member. If one refers to merely the wording, without the substance, the wording is there. So, I do not think it is proper for a Member to go on counting heads of Members present instead of attending to the proceedings actually going on in the House.

Shri Kamath: Without heads there are no proceedings.

Mr. Speaker: Whatever that may be, I do not want to enter into any further argument. I am merely placing before the House the proper aspect in which this thing has to be looked at. Whenever the House feels inconvenienced by this, it is competent for the House to revise this convention. But, so long as the convention stands, I think, it is the duty

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of every Member to observe that convention, because, as I said it is a direction of the House for the purpose of enabling it to carry on business more effectively. The remedy is a very small one. If anyone wants to be satisfied that the wording of the Constitution has to be changed, a one clause Bill is quite sufficient.

Shri Kamath: It will come.

Mr. Speaker: But, indirectly, I would suggest that by adopting a convention which has carried on, I believe, for more than 1 or 1½ years, the Constitution is amended by way of a practice though not in wording. There are so many things in the Constitution which are prescribed, one way and the practice of parliamentary conventions is quite different. That is how parliamentary government grows. That is how the sovereignty of the House can be established by convention. So, I need not say anything further.

12 NOON

There is another important point. As I said in the beginning, before the Speaker comes to the House, the House is counted. It is only when there is quorum that the Speaker comes in. He first assures himself that a meeting is constituted and then he comes in. Then there is another important point which has to be remembered, that it is a part of the convention that has been adopted that if there is any proposition on which a division is asked for, and it is not going to be decided by merely a voice vote, no division can be granted before 2.30. That means, in case there is not a sufficient number of Members present, opportunity has to be given and then after 2.30 we can have the voting, but I am not here standing on my legs to argue the case with any Members of the House. I am merely giving expression to what I have felt, and it may be taken even as a part of my ruling.

Shri N. C. Chatterjee (Hooghly): Before you give your ruling, will you hear one submission?

I was a party to the convention, and I think it was a very desirable convention. After Shri Kamath raised the point, I considered it, and I find that it goes against clause (4) of article 100. Would you kindly consider that?

You are quite right in saying, if I may say so with great respect, that clause (3) of article 100 operates at the inception of the meeting, and if there is a quorum, then the Speaker can start the proceedings, but if you would kindly look at clause (4), it reads:

> "If at any time during a meeting of the House there is no quorum, it shall be the duty of the Chairman or Speaker, or person acting as such, either to adjourn the House or to suspend the meeting until there is a quorum."

Shri Kamath: It is mandatory.

Mr. Speaker: Yes, I quite agree. I referred to that—if the hon. Member had heard me carefully. But all this is subject to the power of the House to make a law about quorum. (*Interruption*) He need not go on talking. He should hear and hear dispassionately. Unfortunately, the sound arrangement in the House is such that even the whispers enter my ears here. That is unfortunate. So, what I meant was, and what I would invite the hon. Members' attention to—is—that the duty ultimately is cast on the Chair. Now, assuming the Chair fails in its duty, assuming that it is obligatory, the proceedings in the House will not be invalidated on that ground, because at the start the meeting was constituted properly. But we need not go into these technicalities.

I may also refer to article 122 (1) of the Constitution which reads:

> "The validity of any proceedings in Parliament shall not be called in question on the ground

of any alleged irregularity of procedure."

This is a part of procedure. The rule is a procedural rule and not a substitantive rules. The very fact that the Constitution gives authority to change it by law or by a change in the Constitution is clear enough to my mind that it is merely, as I said, a directive rule and a procedural rule. And I was just saying that assuming there is any want of quorum, then two consequences will follow. One is that the validity of the proceedings without quorum cannot be challenged on the ground of any irregularity. That is one. And it will be failure of duty on the part of the Chair because the obligation is cast on the Chair. The duty, as the hon. Member Shri Chatterjee will see, is cast on the Chair.

Shri N. C. Chatterjee: The only difficulty I find, with your permission is that it is a constitutional obligation cast on the Speaker or the Chair.

Mr. Speaker: Yes, but here the hon. Member will see that the House gave a direction that the House shall not be counted. It is a part of the convention and it is not proper to place the Chair on the horns of a dilemma, namely that, if it follows the Constitution it is guilty of a breach of the convention of the House, and if it follows the convention, it is guilty of a breach of a technical provision of the Constitution. But I have explained this position and the short cut to the matter is that, to settle all these kinds of doubts even on technical matters, I think I should request Government to bring in a special Bill as early as possible, a one-clause Bill providing that the quorum provided here need not be necessary.

Shri Kamath: Will you please repeat it for the benefit of the hon. Minister of Parliamentary Affairs? He has come just now.

Mr. Speaker: Not necessary. He will read the proceedings. I am sure he will read them more carefully than many Members do.

That is the position, and I think it is desirable that we should try to foster healthy conventions, useful conventions, instead of trying to make the most of some technical points.

Shri M. S. Gurupadaswamy (Mysore): Is it desirable to have a one-clause Bill or a two-clauses Bill,—whatever it is,—and make it appear before the country that this Parliament cannot have even the limited quorum that is fixed by the Constitution? Would we not look very ridiculous?

Mr. Speaker: Well, I am not concerned with that. To my mind it is more ridiculous to try to stick to such technicalities than try to correct things. That ends the discussion, and I do not want to go on with the argument.

Shri Kamath: The hours of Parliament may be changed. The sitting time can be changed, instead of this unconstitutional method.

Mr. Speaker: I do not want to discuss that point. The hon. Member perhaps did not hear. I will repeat for his benefit that if it is settled that the House has to sit for longer hours, then some remedy has to be found out. It was suggested that we may sit from 11 to 5, 12 to 6, 2 to 7 and all that, but we could not get sufficient time, and there is so much of work to do for the Parliament that unless we lengthen the proceedings, the hours of sitting, we cannot do this work, and we have always been in arrears. But it is not a majority or a minority convention. It is a convention unitedly of the entire House.

Shri Kamath: Against the Constitution.

Mr. Speaker: That is his view. That is not my view. We will now proceed with the further business of the House.

Shri Kamath: Will there be a discussion on this matter? It is very important.

Mr. Speaker: I do not propose to have this matter discussed. He may move a motion for having a discussion about the convention. I have already requested the Government to bring in a Bill immediately if they like and if they can.

Shri Kamath: In this session or next session?

Mr. Speaker: I cannot say. It is for the Government to bring the Bill.

Shri Kamath: Why should we then bind ourselves?

Mr. Speaker: He need not bind himself to anything. The hon. Member is always free.

Shri Kamath: I am not going to bind myself.

Mr. Speaker: The hon. Member need not bind himself. He may have his remedy, whatever it may be I do not propose to argue with him or reply to him.

BUSINESS OF THE HOUSE

Shri H. N. Mukerjee (Calcutta Nortn-East): May I have your indulgence before we proceed to further business to refer to one matter.

This morning the papers published a report of the decisions of the All-India Congress Committee which give a very clear indication in regard to the Government's Goa policy. You, Sir, were pleased to suggest that this House should have as early an opportunity of discussing the Goa policy as possible, but in a cool atmosphere. Today the atmosphere appears almost to be icy. I suggest therefore that you please inform the Leader of the House that the House wishes to have a discussion of the Goa policy of Government as soon as ever that is possible. I am very sorry the Prime Minister is not here, but may be tomorrow he might come and tell us that he has allotted a certain day, a very early day, for a discussion of this.

Mr. Speaker: Is he a Member of the Business Advisory Committee?

Shrimati Renu Chakravartty (Basirhat). He is not.

Mr. Speaker: An item is coming up for discussion before the Business Advisory Committee which will meet at 4 P.M. today, to fix up time for a discussion of the international situation or foreign affairs—whatever it may be—and I think Goa will be certainly included in that. The Prime Minister is not here, but what the hon. Member has said will be conveyed to the Prime Minister and I am sure he will try to fix as early a date as possible convenient to him and to the business of the House.

Shri Kamath (Hoshangabad): Kindly permit me to draw your attention to the fact that Government—and that is because the Finance Minister is connected with the matter—have informed the AICC, apparently, as reported in the papers, of their taxation proposals with regard to the Second Five Year Plan before they have been communicated to the House. It is a very serious matter, and it is a breach of privilege of Parliament to disclose them first to the AICC.

Mr. Speaker: The Second Five Year Plan is open for discussion to the public. Papers are writing about it, and opinions are being expressed by different people. Simply because a person connected with the Five Year Plan happens to be the Finance Minister, I do not know why he should be debarred from expressing his opinions. He did not express, I am sure, the decision of Government on that point he only expressed his views. But whatever that may be, let us proceed now with the further business.

COMPANIES BILL—*Contd.*

Clauses 323 to 367

Mr. Speaker: The House will now resume further consideration of clauses 323 to 367 of the Companies Bill. Out of 8 hours allocated to these clauses, about half an hour has been availed of on 3rd September 1955. The House has already decided to sit one hour longer today. So, the House sits today till 6 P.M.

The list of selected amendments to clauses 323 to 367 is as follows. The list has already been circulated to Members on the 3rd September.

Clause 323—893, 894, 895, 896, 822, 930, 931, 932, 823, 824, 371 (Govt.), 825.

Clause 323A—897, 898. (new)

Clause 324—132, 470 (Govt.)

Clause 325—969, 826, 900, 827, 828, 829, 970, 830, 831, 832, 833, 834, 835.

Clause 326—933.

Clause 327—103, 935 (same as 103), 934, 104, 936 (same as 104), 937, 836, 837, 133.

Clause 328—838.

Clause 329—471 (Govt.), 904, 234, 839.

Clause 330—472 (Govt.), 906.

Clause 331—907, 908, 437, 909, 910, 911, 912, 913, 971, 914, 972, 106.

Clause 333A—939. (New)

Clause 335—940, 134, 840, 135, 107.

Clause 336—841, 136, 842, 137, 843.

Clause 337—844, 917, 941 (same as 917).

Clause 339—138.

Clause 343—662 (Govt.).

Clause 344—845, 846, 663 (Govt.).

Clause 345—664 (Govt.). 847, 942, 877, 848, 943, 878.

Clause 347—918, 919, 944, 665 (Govt), 807, 879.

Clause 348—666 (Govt.), 880, 881, 945, 882, 849, 946, 850, 947, 851, 948.

Clause 349—667 (Govt.), 494, 668 (Govt.), 950, 852, 951- (same as 852).

Clause 351—669 (Govt.), 920, 952, 883, 953.

Clause 352—670 (Govt.), 884, 921, 922, 923, 885, 924.

Clause 353—671 (Govt.).

Clause 354—954.

Clause 355—955.

Clause 356—975, 672 (Govt.), 926, 976, 673 (Govt.), 854, 958, 927, 674 (Govt.).

Clause 358—855, 675 (Govt.), 977, 978, 856, 676 (Govt.), 979, 980.

Clause 360—857, 858, 677 (Govt.).

Clause 361—960, 961, 928.

Clause 366—929, 981, 982.

Clause 366A—859. (New)

Clause 323— (*Power of Central Government to notify etc.*)

Shri Sadhan Gupta (Calcutta South-East): I beg to move:

(1) Page 171,

for clause 323 *substitute*:

"323. *Every managing agent to cease functioning by 31st December*, 1958.—Every managing agent shall cease to function as such on 31st December, 1958, unless he ceases so to function at an earlier date."

(2) In the amendment proposed by me, printed as No. 893 in this List.

for "31st December, 1958" *substitute* "15th August, 1960".

[Shri Sadhan Gupta]

(3) Page 171,

for clause 323 *substitute*:

"323. *Every managing agent to cease functioning by 31st December*, 1958.—Every managing agent shall cease to function as such on the 31st December, 1958, unless he ceases so to function at an earlier date:

Provided, however, that the Central Government may, by notification in the Official Gazette, permit the continuation of managing agents, wholly or in part, in such class or description of industry or business as may be specified in the notification:

Provided further that the reasons for the granting of such permission shall be recorded in writing in the said notification."

(4) In the amendment proposed by me, printed as No. 895 in this List,

for "31st December, 1958" *substitute* "15 August, 1960".

Shri Tulsidas (Mehsana West): I beg to move:

Page 171, lines 6 and 7,

for "such rules as may be prescribed in the behalf" *substitute* "sub-section (3) below."

Shri Sadhan Gupta: I beg to move:

(1) Page 171, line 17,

for "three years" *substitute* "one year".

(2) Page 171, line 17,

for "three years" *substitute* "two years".

(3) Page 171, line 19,

for "later" *substitute* "earlier".

Dr. Krishnaswami (Kancheepuram): I beg to move:

Page 171,

for lines 24 to 26 *substitute*:

"(3) Copies of all notifications issued under sub-section (1) shall as soon as may be after they have been issued be, laid before each House of Parliament;

(4) All rules made under sub-section (1) shall be laid before each House of Parliament for not less than fourteen days as soon as possible after they are made and shall be subject to such modifications as Parliament may make during the session in which they are so laid."

Shri Tulsidas: I beg to move:

Page 171,

for lines 24 to 26 *substitute*:

"(3) The notification under sub-section (1) shall not be made unless made by a Committee appointed for the purpose by the Central Government to make an investigation, and unless, further such recommendation has been approved by both the Houses of Parliament."

The Minister of Finance (Shri C. D. Deshmukh): I beg to move:

Page 171, line 26,

for "each House of Parliament" *substitute* "both Houses of Parliament".

Pandit Thakur Das Bhargava (Gurgaon): I beg to move:

Page 171,

after line 26, *add*:

"(4) This section shall not apply to companies where in the opinion of the Central Government or on enquiry at the demand of the managing agents of the companies concerned, the Government finds that the managing agent has been working satisfactorily and is likely to achieve optimum conditions conformable to the provisions of the Act before his term of office expires or before the 15th August, 1960, as the case may be."

New Clause 323A

Shri Sadhan Gupta: I beg to move:

(1) Page 171,

after line 26, *insert*:

"323A. *Companies engaged in certain classes of industry not to have managing agents.*—Notwithstanding anything contained in section 323, no company engaged in the manufacture or sale of any cotton or jute textile, electrical goods or equipments, or the generation or supply of electricity, or the extracting or sales of any mineral or in any plantation industry shall be managed by a managing agent after the 31st December, 1958, or the expiry of the term of the existing managing agent, whichever is earlier".

(2) In the amendment proposed by me, printed as No. 897 in the list,

for "31st December, 1958" *substitute* "15th August, 1960".

Clause 324.— (*Managing Agency Company etc.*)

Shri Rane (Bhusaval): I beg to move:

Page 171, line 36,

add at the end:

"and the liabilities incurred during the period of such contraventions shall not be enforceable in law."

Shri C. D. Deshmukh: I beg to move:

Page 171,

after line 36, *add*:

"(4) Where at the commencement of this Act a company having a managing agent is itself acting as a managing agent of any other company, the term of office of the company first mentioned as managing agent of the other company shall, if it does not expire earlier in accordance with the provisions applicable thereto immediately before such commencement [including any provisions contained in the Indian Companies Act, 1913 (VII of 1913)], expire on the 15th day of August 1956."

Clause 325.— (*Central Government to approve of appointment etc.*)

Shri K. K. Basu (Diamond Harbour): I beg to move:

Page 171,

(i) line 39, *after* "managing agent" *insert* "or its directors"; and

(ii) line 42, *after* "managing agent" *insert* "or its directors".

Shri Tulsidas: I beg to move:

Page 171, line 40,

for "*accorded*" *substitute* "refused".

Shri Sadhan Gupta: I beg to move:

Page 171, line 43,

after "company" *insert* "by special resolution".

Dr. Krishnaswami: I beg to move:

Page 172,

omit lines 1 to 12.

Shri Tulsidas: I beg to move:

Page 172,

for lines 1 and 2 *substitute*:

"(b) unless the Central Government have not refused such appointment or re-appointment under sub-section (2)."

Pandit Thakur Das Bhargava: I beg to move:

Page 172,

for lines 1 and 2 *substitute*:

"(b) unless the Central Government has disapproved such appointment or reappointment for reasons mentioned in sections 266 and 273 relating to directors as if the partners of the managing agency were directors."

Shri K. K. Basu: I beg to move:

Page 172,

after line 2, *add*:

"(c) unless the approval of the Central Government is obtained as to the appointment of the directors on the ground that they conform to the qualifications as may be laid down by the Central Government for such directors provided however the Central Government may lay down different qualifications for the directors of the managing agent dealing in different types of industries."

Pandit Thakur Das Bhargava: I beg to move:

Page 172,

omit lines 3 to 12.

Shri Tulsidas: I beg to move:

(1) Page 172, line 3,

for "accord" *substitute* "refuse".

(2) Page 172, line 5,

for "against" *substitute* "in".

(3) Page 172, line 6,

after "managing agent" *add* "and".

(4) Page 172, line 7,

after "proposed is" *insert* "not".

(5) Page 172,

omit lines 11 and 12.

Clause 326.—(*Application of sections 327 to 330*).

Shri Sadhan Gupta: I beg to move:

Page 172,

after line 17, *add*:

"(c) any other private company unless it is specifically exempted by the Central Government".

Clause 327.—(*Term of office of managing agent.*)

Shri M. S. Gurupadaswamy (Mysore): I beg to move:

Page 172, line 22,

for "fifteen years;" *substitute* "ten years".

Shri Sadhan Gupta: I beg to move:

(1) Page 172, line 23,

for "fifteen years" *substitute* "ten years".

(2) Page 172, line 23,

for "fifteen years" *substitute* "five years".

Shri M. S. Gurupadaswamy: I beg to move:

Page 172, line 25,

for "ten years" *substitute* "five years".

Shri Sadhan Gupta: I beg to move:

(1) Page 172, line 25,

for "ten years" *substitute* "five years".

(2) Page 172, line 27,

for "two years" *substitute* "one year".

Shri Tulsidas: I beg to move:

(1) Page 172, line 42,

omit "entire".

(2) Page 172, line 43,

for "is made" *substitute*:

"is in excess of the terms laid down in sub-section (1) above."

Shri Rane: I beg to move:

Page 172, line 43,

add at the end:

"and liabilities incurred during the entire term shall not be enforceable in law".

Clause 328.—(*Variation of managing agency agreement*)

Pandit Thakur Das Bhargava: I beg to move:

Pages 172 and 173,

for clause 328, *substitute*:

"328. The terms of the managing agency agreement when once approved by the general meeting of the company while appointing or reappointing them and approved by the Central Government, shall not be varied during the term of the agreement unless by mutual consent of the managing agent and the company."

Clause 329.—(*Term of office of existing managing agents etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 173, lines 10 to 12,

for "expire on the 15th day of August, 1960, unless before that date he is re-appointed for a fresh term in accordance with any provision contained in this Act" *substitute*:

"(a) except in the case specified in clause (b), expire on the 15th day of August 1960, unless before that date he is re-appointed for fresh term in accordance with any provision contained in this Act; and

(b) in case the company aforesaid is itself acting as managing agent of any other company, expire on the 15th of August 1956."

Shri Sadhan Gupta: I beg to move:

Page 173, lines 10 to 12,

omit "unless before that date he is re-appointed for a fresh term in accordance with any provision contained in this Act."

Shri Asoka Mehta (Bhandara): I beg to move:

Page 173, lines 10 to 12,

omit "unless before that date he is re-appointed for a fresh term in accordance with any provision contained in this Act."

Pandit Thakur Das Bhargava: I beg to move:

Page 173,

after line 12, *add*:

"(2) This section shall not apply to companies where, in the opinion of the Central Government or on enquiry at the demand of the managing agent of companies, the Government finds that the managing agent has been working satisfactorily and is likely to achieve optimum conditions conformable to the provisions of the Act before its term of office expires or before the 15th August, 1960, as the case may be."

Clause 330.—(*Application of Act to existing managing agents*)

Shri C. D. Deshmukh: I beg to move:

Page 173,

omit lines 19 to 24.

Shri Sadhan Gupta: I beg to move:

Page 173,

omit lines 19 to 24.

Clause 331.—(*No person to be managing agent of more than ten companies etc.*)

Shri Sadhan Gupta: I beg to move:

(1) Page 173, line 29,

for "1960" *substitute* "1958".

(2) Page 173, line 30,

for "ten companies" *substitute* "five companies".

Shri Ramachandra Reddi (Nellore): I beg to move:

Page 173,

after line 30, *add*:

"Provided that a person holding office as managing agent in more than 10 companies as on 15th August, 1955 shall not be required to reduce his managing agency to 10 companies."

Shri Sadhan Gupta: I beg to move:

(1) Page 173,

after line 30 *insert*:

[Shri Sadhan Gupta]

"Provided that if any person holds office at the same time as the managing agent of more than one company, the number of the companies shall be such that the block capital of such companies shall not in the aggregate exceed five crores of rupees".

(2) Page 173,

after line 30 *insert*:

"Provided that if any person holds office at the same time as the managing agent of more than one company, the number of the companies shall be such that the block capital of such companies shall not in the aggregate exceed ten crores of rupees".

(3) Page 173, line 35,

for "ten" *substitute* "five".

(4) Page 173, line 35,

after "number" *insert*:

"or, as the case may be, in respect of such number of those companies exceeding one but not exceeding five the block capital of which does in the aggregate exceed five crores of rupees".

(5) In the amendment proposed by me, printed as No. 912 in the List,

for "five crores" *substitute* "ten crores".

Shri K. K. Basu: I beg to move:

Page 173,

after line 35, *add*:

"(2A) In the case of the managing agents working at the commencement of this Act, number of companies managing will be calculated on the basis of the companies such managing agents were managing on the 1st April, 1953."

Shri Sadhan Gupta: I beg to move:

Page 173,

omit lines 39 and 40.

Shri K. K. Basu: I beg to move:

Page 173, lines 39 and 40,

for "which is neither a subsidiary nor a holding company of a public company" *substitute* "if it is exempted by the Central Government".

Shri Bogawat (Ahmednagar South): I beg to move:

Page 174, line 8,

for "one thousand rupees" *substitute* "one hundred rupees".

New Clause 333A

Shri Sadhan Gupta: I beg to move:

Page 174,

after line 36, *insert*:

"333A. *Tax evader not to act as managing agent.*—(1) If in respect of—

(a) any person,

(b) any firm or any partner thereof,

(c) any public company or any director thereof,

(d) any private company or any member or director thereof,

any court or tribunal or other authority arrives at a finding that such person, firm or partner thereof, body corporate, director or member thereof, as the case may be, has concealed the particulars or has deliberately furnished inaccurate particulars of such income or if such person, firm or partner, body corporate or director or member thereof, has evaded payment of taxes under any law or has been convicted for any offence under any such law, then in cases referred to in clause (a), the individual, in clause (b), the firm as well as each partner thereof, in clause (c), the company or every director thereof, in clause (d), the company, each director and each member thereof, shall be disqualified for appointment or for acting as managing agent of any company

(2) This section shall apply notwithstanding any want of jurisdiction in the court or the tribunal or the other authority on account of any technical defects in its constitution or composition."

Clause 335.—(*Vocation of office etc.*)

Shri Sadhan Gupta: I beg to move:

Page 175,

for lines 15 to 17 *substitute*:

"is convicted by a court in India of any offence under this Act or under the Indian Companies Act of 1936 or of any offence involving moral turpitude".

Shri Rane: I beg to move:

Page 175, line 16,

after "offence" *insert*:

"involving moral turpitude and a non-bailable one".

Pandit Thakur Das Bhargava: I beg to move:

Page 175, line 16,

after "offence" *insert*:

"involving moral turpitude".

Shri Rane: I beg to move:

Page 175, line 17,

for "six months" *substitute* "two years".

Shri Bogawat: I beg to move:

Page 175, line 17,

add at the end:

"for an offence which involves moral turpitude".

Clause 336.—(*Removal for fraud etc.*)

Pandit Thakur Das Bhargava: I beg to move:

Page 175,

omit lines 21 to 24.

Shri Rane: I beg to move:

Page 175, line 24,

add at the end:

"if a court of law, whether in or outside India, finds such fraud or breach of trust to have been duly established".

Pandit Thakur Das Bhargava: I beg to move:

Page 175, lines 26 and 27,

for "any other body corporate" *substitute*:

"the company or of any subsidiary or holding company thereof or of any other body corporate".

Shri Rane: I beg to move:

Page 175,

omit lines 30 to 34.

Pandit Thakur Das Bhargava: I beg to move:

Page 175, lines 33 and 34,

for "is guilty of any such fraud or breach of trust as is referred to in clause (i)" *substitute*:

"has been proved in a Court of law to be guilty of any such fraud or breach of trust referred to in clause (ii)."

Clause 337.—(*Removal for gross negligence etc.*)

Pandit Thakur Das Bhargava: I beg to move:

Page 175,

for clause 337, *substitute*:

"337. *Removal for gross negligence or mismanagement.*—(1) A company in general meeting may by special resolution refer, on the basis of gross negligence in or for gross mismanagement of the affairs of the company or of any subsidiary thereof, the case of the managing agent to the court for adjudication of the allegations on which such gross negligence or gross mismanagement is founded and in case the court finds the same established, may remove the managing agent from office.

(2) Any such finding by the court shall be open to appeal to the Court to which appeals ordinarily lie from conviction by the Court."

Shri Sadhan Gupta: I beg to move:

(1) Page 175, line 37,

for "special resolution" *substitute* "resolution".

(2) Page 175, line 37,

omit "special".

Clause 339.—(*Time when certain disqualifications etc.*)

Shri Rane: I beg to move:

Page 176,

(i) line 21,

for "seven days" *substitute* "fifteen days".

(ii) line 23,

for "seven days" *substitute* "fifteen days".

Clause 343. -(*Managing agency not to be heritable*)

Shri C. D. Deshmukh: I beg to move:

Page 177, line 38,

after "a company" *insert* "other than a private company which is not a subsidiary of a public company".

Clause 344.—(*Approval for succession etc.*)

Shri Tulsidas: I beg to move:

(1) Page 178, line 3,

for "accord" *substitute* "withhold".

(2) Page 178, lines 3 and 4,

after "such person is" *insert* "not".

Shri C. D. Deshmukh: I beg to move:

Pages 177 and 178,

Renumber clause 344 as sub-clause (1) of that clause and *add* the following sub-clause as sub-clause (2) of that clause:

"(2) The provisions of sub-section (1) shall not apply to a private company which is not a subsidiary of a public company."

Clause 345.—(*Changes in constitution of managing agency etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 178, line 4,

after "as the Central Government may" *insert* "(whether before or after the expiry of the six months)".

Shri Tulsidas: I beg to move:

Page 178, lines 11 and 12,

after "firm or body corporate" *insert*:

"so that the original members of the firm or body corporate cease to hold a majority interest in the firm or body corporate."

Shri Sadhan Gupta: I beg to move:

Page 178, line 13,

for "six months" *substitute* "three months".

Pandit Thakur Das Bhargava: I beg to move:

Page 178,

after line 17, *insert*:

"Provided that such approval shall not be accorded only in cases where change of such a nature has taken place which has affected or is likely to affect prejudicially the affairs of the company which is being managed by the managing agency."

Shri Tulsidas: I beg to move:

Page 178,

omit lines 18 to 28.

Shri Sadhan Gupta: I beg to move:

Page 178, line 26,

after "ownership of shares" *insert*:

"to the extent of twenty percent of the shareholdings".

Pandit Thakur Das Bhargava: I beg to move:

Page 178, line 36,

for "Provided that no such notification" *substitute* "(3) No such notification",

Clause 347.—(*Remuneration of managing agent etc.*)

Shri Sadhan Gupta: I beg to move:

(1) Page 179, lines 28 and 29,

omit "Save as otherwise expressly provided in this Act,".

(2) Page 179, line 33,

for "ten per cent" *substitute* "five per cent".

(3) Page 179, line 33,

for "ten per cent" *substitute* "six per cent".

Shri C. D. Deshmukh: I beg to move:

Page 179, line 33,

for "annual net profits of the company" *substitute* "net profits of the company for that financial year".

Shri Bogawat: I beg to move:

(1) Page 179,

line 33, *add* at the end:

"upto 20 lakhs and for every 10 lakhs above that, the rate should come down by 1.5 per cent, till the final rate of remuneration comes to 5 per cent."

(2) To the amendment proposed by me *add* the following proviso:

"Provided that the Central Government may enforce the scale of remuneration at the time of renewing the managing agency."

Clause 348.—(*Determination of net profits*)

Shri C. D. Deshmukh: I beg to move:

Page 179, lines 34 and 35,

for "the net profits of a company for the purpose of section 347" *substitute*:

"for the purpose of section 347, the net profits of a company in any financial year".

Pandit Thakur Das Bhargava: I beg to move:

(1) Page 179,

for lines 36 to 38, *substitute*:

"(a) credit shall not be given for the sums specified in sub-section (2) and".

(2) Pages 179 and 130,

omit lines 41 to 44 and 1 and 2 respectively.

Shri Sadhan Gupta: I beg to move:

Page 180, lines 1 and 2,

for "unless and except in so far as the Central Government otherwise directs" *substitute*:

"if it is sanctioned by a special resolution of the company and approved by the Central Government".

Pandit Thakur Das Bhargava: I beg to move:

Page 180,

after line 14, *insert*:

"(e) bounties and subsidies received from any Government, or any public authority constituted or authorised in this behalf by any Government, unless and except so far as the Central Government otherwise directs."

Shri Tulsidas: I beg to move:

Page 180,

omit lines 23 to 27.

Shri Sadhan Gupta: I beg to move:

Page 180,

for lines 23 to 27, *substitute*:

"(d) any tax payable to the Central Government, State Government and any local authority".

Shri Tulsidas: I beg to move:

Page 180,

after line 42, *add*:

"Provided that no such loss shall be so taken into account in

[Shri Tulsidas]

determining the remuneration of a managing agent, as has occurred during a period in which the company was not managed by the managing agent whose remuneration is under consideration."

Shri Sadhan Gupta: I beg to move:

Page 181,

omit lines 6 to 9.

Shri Tulsidas: I beg to move:

Page 181, lines 8 and 9,

omit "not falling under clauses (d) and (e) of sub-section (4)".

Shri Sadhan Gupta: I beg to move:

Page 181, line 12,

add at the end:

"except when such payments have to be made because of default or negligence of the managing agent."

Clause 349.—(*Ascertainment of depreciation*)

Shri C. D. Deshmukh: I beg to move:

Page 181, line 17,

add at the end:

"for the financial year for which the net profits are to be computed".

Shri Sadhan Gupta: I beg to move:

Page 181, line 18,

omit "not"

Shri C. D. Deshmukh: I beg to move:

Page 181, lines 18 and 19,

after "depreciation" *insert* "or any development rebate".

Shri Sadhan Gupta: I beg to move:

Page 181, line 20,

omit "not".

Shri Tulsidas: I beg to move:

Page 181,

omit lines 21 to 25.

Shri Sadhan Gupta: I beg to move:

Page 181,

omit lines 21 to 25.

Clause 351.—(*Payment of additional remuneration*)

Shri C. D. Deshmukh: I beg to move:

Page 181, line 40,

for "the limit specified in section 347" *substitute* "the limits specified in sections 197 and 347".

Shri Sadhan Gupta: I beg to move:

(1) Page 181, line 42,

for "by a special resolution of the company" *substitute*:

"by a resolution passed by the company in general meeting with the assent of every member present,".

(2) Page 181, line 42,

after "company" *insert*:

"adopted with the consent of all the members present".

Pandit Thakur Das Bhargava: I beg to move:

Page 181, line 43,

omit "as being in the public interest".

Shri Sadhan Gupta: I beg to move:

Page 181, line 43,

add at the end:

"after giving the shareholders an opportunity of being heard".

Clause 352.—(*Minimum remuneration etc.*)

Shri C. D. Deshmukh: I beg to move:

Pages 181, and 182,

omit sub-clause (1) and *re-number* sub-clause (2) as clause 352.

Pandit Thakur Das Bhargava: I beg to move:

Page 181, line 48,

for "may" *substitute* "shall".

Shri Sadhan Gupta: I beg to move:

(1) Page 182, lines 2 and 3,

for "fifty thousand rupees" *substitute* "twenty thousand rupees".

(2) Page 182, lines 2 and 3,

for "fifty thousand rupees" *substitute* "twenty-five thousand rupees".

(3) Page 182, lines 2 and 3,

for "fifty thousand rupees' *substitute* "thirty thousand rupees".

Pandit Thakur Das Bhargava: I beg to move:

Page 182, line 3,

for "as it considers reasonable" *substitute*:

"in accordance with the articles of the company or the terms of agreement between the managing agency and the company if any, and in the absence of provision in the articles of the company and the agreements, as the Central Government considers reasonable."

Shri Sadhan Gupta: I beg to move:

Page 182, line 8,

for "resolution" *substitute* "special resolution".

Clause 353.—(*Time of payment etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 182, line 13,

omit "shall not become due, and".

Clause 354.—(*Managing agent not entitled to office allowance etc.*)

Shri Sadhan Gupta: I beg to move:

Page 182, line 26,

for "or" *substitute* "and".

Clause 355.—(*Saving*)

Shri Sadhan Gupta: I beg to move:

Page 182, line 30,

for "unless it is a subsidiary or a public company" *substitute* "if exempted by the Central Government for reasons recorded in writing".

Clause 356.—(*Appointment of managing agent or associate as selling agent etc.*)

Shri K. K. Basu: I beg to move:

Page 182, lines 35 to 37,

omit "if the sales are made from the premises at which they are produced or from the head office of the managing agent or from any other place in India".

Shri C. D. Deshmukh: I beg to move:

Page 182, line 37,

omit "other".

Shri Sadhan Gupta: I beg to move:

Pages 182 and 183,

omit lines 38 to 48 and 1 to 15 respectively.

Shri K. K. Basu: I beg to move:

Pages 182 and 183,

omit lines 38 to 48 and 1 to 3 respectively.

Shri C. D. Deshmukh: I beg to move:

Page 182, line 39,

after "any place outside India".

insert "not being a place specified in sub-section (1)".

Shri Tulsidas: I beg to move:

Page 182,

omit lines 42 to 44.

Shri Sadhan Gupta: I beg to move:

(1) Page 183,

after line 3, *add*:

"Provided, however, the Central Government on the application of any member of the company or of its own motion, may enquire into the justification of the payment of the whole or the remuneration paid or payable and may disallow any sum, in whole or in part, notwithstanding any agreement or resolution of the company thereon."

[Shri Sadhan Gupta]

(2) Page 183,

(i) line 5,

for "five years" *substitute* "three years"

(ii) line 6,

for "five years" *substitute* three years."

Shri C. D. Deshmukh: I beg to move:

Page 183,

for lines 8 and 9, *substitute*:

"Provided that such renewal shall not be effective earlier than one year from the date on which it is to come into force."

Clause 358.—(*Appointment of managing agent or associate as buying agent etc.*)

Shri Tulsidas: I beg to move:

Page 183, lines 33 to 35,

omit "if the managing agent or associate maintains an office at such place for his own business, that is to say, for a business not connected with that of the company".

Shri C. D. Deshmukh: I beg to move:

Page 183, lines 33 and 34,

for "maintains an office at such place for his own business" *substitute*:

"maintains an office at such place not only for such purchase but also for his own business".

Shri K. K. Basu: I beg to move:

(1) Page 183,

omit lines 40 to 42.

(2) Page 184,

after line 2, *add*:

"Provided that the remuneration in no case exceeds five per cent of the purchase price of goods."

Shri Tulsidas: I beg to move:

Page 184,

omit lines 3 to 12.

Shri C. D. Deshmukh: I beg to move:

Page 184, lines 6 to 9,

omit "the amount of the purchases likely to be made by the office in each year on behalf of the company and the proportion which such amount will bear to the total amount of the purchases made by the office".

Shri K. K. Basu: I beg to move:

(1) Page 184,

after line 12, *add*:

"Provided that the details of the office maintained by the managing agent outside India including its nature, purpose, maintenance cost, the proportion of the expenses that may be reasonably attributed to the work done on behalf of the company and the basis of the calculation thereof is submitted in writing and certified to be correct by the managing agent."

(2) Page 184,

(i) line 14,

for "three years" *substitute* "one year"

(ii) line 15,

for "three years" *substitute* "one year".

Clause 360.—(*Contracts between managing agent etc.*)

Shri Tulsidas: I beg to move:

(1) Page 184, lines 38 and 39,

for "any contract being" *substitute* "all contracts which may be".

(2) Page 184,

after line 46, *add*:

(a) be vaild for a period of three years;

(b) provided that each contract that may be entered into during the period of three years shall be made subject to the sanction of the Board of directors;"

Shri C. D. Deshmukh: I beg to move:

Page 185,

after line 9, *add*:

"(4) Nothing contained in clause (a) of sub-section (1) shall affect any contract or contracts for the sale, purchase or supply of any property or services in which either the company or the managing agent or associate, as the case may be, regularly trades or does business, provided that the value of such property and the cost of such services do not exceed five thousand rupees in the aggregate in any calendar year comprised in the period of the contract or contracts".

Clause 361.—(*Existing contracts etc.*)

Shri Sadhan Gupta: I beg to move:

(1) Page 185,

(i) line 11,

for "1st March, 1958" *substitute* "1st March, 1956";

(ii) line 16,

for "1958" *substitute* "1956".

(2) Page 185,

(i) line 11,

for "1st March, 1958" *substitute* "1st March, 1957"

(ii) line 16,

for "1958" *substitute* "1957".

(3) Page 185, lines 15 and 16,

for "on the first day of March, 1958" *substitute* "on the day succeeding the date of such commencement".

Clause 366.—(*Limit of compensation for loss of office*)

Shri Sadhan Gupta: I beg to move:

Page 186, line 32,

for "three years" *substitute* "one year".

Shri K. K. Basu: I beg to move:

(1) Page 186, line 32 and wherever it occurs in this clause,

for "three years" *substitute* "one year".

(2) Page 186, line 32, and wherever it occurs in this clause;

for "three years" *substitute* "two years".

New Clause 366A

Shri Tulsidas: I beg to move:

Page 186,

after line 44, *insert*:

"366A. *Damages for wrongful termination of office.*—(1) Nothing contained in sections 365 and 366 shall prejudice or restrict the right of a managing agent who has been wrongfully dismissed or whose office has been wrongfully terminated, to claim damages from the company in a Court of Law.

(2) No payment shall be made by a company, by way of damages, to its managing agent for wrongful dismissal or wrongful termination of office, unless a Court of law has held either that the dismissal or termination was wrongful or that the payment proposed and the amount thereof are reasonable in all the circumstances of the case."

Mr. Speaker: All these amendments are now before the House.

Shri Sadhan Gupta: The other day, I was referring to the advisability and the necessity of limiting the number of managing agencies not only with reference to number alone but also with reference to the size of the undertakings.

[MR. DEPUTY-SPEAKER *in the Chair*]

[Shri Sadhan Gupta]

I was pointing out that number may not be anything as far as concentration of wealth or concentration of economic power is concerned, because economic power does not necessarily go with numbers. The size of the companies managed is the important thing. And I was pointing out that the consideration of size must be taken up simultaneously with the consideration of numbers. We have suggested that the maximum number of managed companies should be five, and the maximum number and the maximum size of the companies in the aggregate, when they exceed one company should be Rs. 5 crores or at the most Rs. 10 crores. As a matter of fact, for directorships I have suggested Rs. 10 crores, but for managing agency, Rs. 5 crores is enough, because managing agencies afford much greater opportunity of indulging in abuses than directorships, Managing agencies afford much greater opportunities of interlocking between different companies, and so, it is necessary that both the number and the size should be limited. The sum of Rs. 5 crores or Rs. 10 crores, which we were suggesting, was the amount of aggregate block capital of the companies managed, and we commend those amendments for the acceptance of the House.

I now come to the question which I have been again and again raising, and that is the question of tax evaders. I tried to eliminate them from managing, promoting and forming companies, I tried to eliminate them from directing companies, and now my proposal is to eliminate them from becoming managing agents. It is much more necessary to eliminate tax evaders from the managing agency system, because managing agencies, with their concomitant of interlocking various companies together afford an admirable opportunity of tax evasion. Therefore, it is absolutely necessary that they should be eliminated from the field of managing agency altogether. But I am not so sure that I would succeed any better even on this occasion. On the first few occasions, on the occasion of the State Bank of India Bill or on the first occasion in the Companies Bill, when I tried to put in my proposals, Government kept silent or said next to nothing. On the last occasion when I put in this proposal, the Finance Minister came off with a very amusing explanation. He said that my amendment provided that one who was found guilty of evading taxes should be excluded, but the authorities which I mentioned never found people guilty, because tax evasion was not an offence. If I may say so, that was a very technical objection. If the Finance Minister had objection to the wording alone, then the amendment could have been redrafted, as many other amendments have been redrafted. If the Finance Minister thought that it was wrong to describe them as guilty, he could have had some other word. Let us assume that they are not guilty, that what the Income-tax Investigation Commission or other income-tax authorities have found is not that tax evaders are guilty but that tax evaders have the very high and eminent virtue of being able to evade taxes, that they are not guilty, but that they are just innocent of paying taxes. If you agree there, and if you insist on that, you can have an appropriate word, and we would be quite ready to say that these tax evaders are not guilty, they are venerable persons, but all that we want is that this venerable lot should not participate in the management of companies. That is what we wanted, and that might easily have been achieved by a redraft of the amendment.

On this occasion, I have sought to meet the Finance Minister's objection by my amendment No. 939 which seeks to introduce a new clause 333A. It reads:

Page 174, *after* line 36 *insert*:

"333A. *Tax evaders not to act as managing agent*:

If in respect of—

(a) any person,

(b) any firm or any partner thereof,

(c) any public company or any member or director thereof,

(d) any private company or any member or director thereof.

any court or tribunal or other authority arrives at a finding that such person, firm or partner thereof, body corporate director or member thereof, as the case may be, has concealed the particulars or has deliberately furnished inaccurate particulars of such income or if such person, firm or partner, body corporate or director or member thereof, has evaded payment of taxes under any law or has been convicted for any offence under any such law then in cases referred to in clause (a), the individual, in clause (b), the firm as well as each partner thereof, in clause (c), the company or every director thereof; in clause (d), the company, each director and each member thereof, shall be disqualified for appointment or for acting as managing agent of any company.

(2) This section shall apply notwithstanding any want of jurisdiction in the court or the tribunal or the other authority on account of any technical defects in its constitution or composition."

That is the position which we want to adopt in connection with the Companies Bill. There is no question of 'guilty' about it.

Under this clause, they can be regarded as absolutely venerable, if the Finance Minister wants it. All we want is that for God's sake, don't let them operate in the field of managing agency. Managing agency is a dangerous thing to entrust to them, and by all means, remove them from managing agency. Now, I would be happy to know what the Finance Minister's answer to this is. I would say at once that I would not be satisfied with any technical objection as regards the defect of the amendment proposed or something of that kind. If the principle is accepted, the principle being the most important point, if it is accepted, there is no sense in saying that this amendment is not properly drafted, that it should be properly drafted, and because it is not properly drafted, we are not going to provide such a salutary principle in the Bill. Therefore, if the Government do not accept this amendment, if the Government do not come forward with any other amendment, if this is found unacceptable the only conclusion will be that they want tax evaders to continue, and the conclusion is irresistible that the reason for their wanting the tax evaders to continue is not any contribution of the tax evaders to business but the simple reason that they expect 'other things' from the tax evaders—what 'other things' I need not go into now.

There are a few small amendments which I will deal with in conclusion. One is regarding disqualification by reason of conviction. Clause 335 says that on conviction, certain managing agencies will terminate. Now, this generalisation of convictions is a very dangerous thing in our country, because there have been convictions, and there may be convictions, on various grounds, not all involving moral turpitude or condemnation. There are many political convictions. We have a Government in the Centre, and particularly in the States, where civil liberties are not particularly revered, and many convictions take place for trying to assert your own rights. To disqualify and person by reason of political convictions, from participating in business, is unfair. Therefore, we have suggested in our amendment No. 940 to clause 335 that for lines 15 to 17, substitute: 'is convicted by a court in India of any offence under this Act or under the Indian Companies Act of 1936 or of any offence involving moral turpitude.' I think there can be no objection to accepting this amendment.

I come to my next important amendment which is regarding remuneration. The remuneration of managing agents at 10 per cent is, I

[Shri Sadhan Gupta]

think, too high, and it must be reduced. We have proposed three amendments, to reduce it to either 5 per cent or 6 per cent, and we have further provided that no exception or exemption should occur in respect of remuneration. Therefore, we have sought to delete the opening words 'Save as otherwise provided in this Act' and secondly, we have tried to reduce the remuneration by amendment No. 919 to 5 per cent and by amendment No. 944 to 6 per cent. This, we think, is sufficient remuneration for managing agents, and if anyone is not willing to act as managing agent on those terms, he may not act as managing agent—we are not very keen to have managing agents.

Then there is the question of additional remuneration under clause 351. We are entirely opposed to it. But if we can't have our own way, if the Finance Minister is not going to accept the deletion of the clause, then what we suggest is a tightening up of the provision on additional remuneration. By our amendment No. 920, we propose that additional remuneration should be sanctioned by a unanimous resolution of the general meeting of the company, or, if you won't have it that way, by amendment No. 952, we suggest a special resolution in a general meeting. That what we have further provided by way of tightening up is that this additional remuneration should be approved by the Central Government after hearing the shareholders. This we have provided by amendment No. 952.

Then we are equally opposed to buying and selling agencies which are provided for by clause 356. It is true that there has been some tightening up compared to what it is now, but the point is that there is no sense in allowing managing agents to have buying and selling agencies. It is the duty of managing agents as managers of an undertaking to buy what the undertaking requires and to sell the products of the undertaking. Why should they have a commission for the purpose of buying and selling in respect of the undertaking they manage? It does not matter whether they do it in foreign countries or whether they do it in India. The point is that it is the function of management, and for that they should not have an additional commission. And it is not only an objection in principle. If you allow buying and selling agencies, what happens is that the managing agency is concerned more with buying for the undertaking and selling to the undertaking than in ensuring that the undertaking itself gets good price or proper goods for the price. That is a very unfortunate thing in any business, that the management should not be interested in the quality of the goods or in the price that may be paid for the goods. That is why we oppose buying and selling agents. But if we cannot delete the clause, we suggest certain tightening up by amendment No. 925 which provides for a unanimous resolution for approving of buying and selling agency commission, and also by amendment No. 958 which gives the Central Government the right, either on the application of any person interested, or of its own motion, to disallow any such commission. That right we give to the Central Government because, through that, the Central Government will have to assume certain powers, and we may supervise from Parliament the responsibility that the Central Government exercise, and how they exercise that responsibility.

That is all I have to say. I hope the Finance Minister will give due consideration to the proposal in regard to tax evaders to the proposal for reduction of remuneration and to the proposal for abolishing additional remuneration or at least tightening up the giving of additional remuneration.

Shri Asoka Mehta: I would like to take this opportunity to explain my amendment No. 234 to clause 329. My amendment seeks to terminate the managing agency system from 1960 onwards. The reason why I am anxious that the managing agency

should be terminated finally and irrevocably by 1960 is that the managing agents exercise a great and tremendous power in our economy.

I would like to invite your attention to page 457 of the Bhabha Committee Report. On that page the Committee estimated the share of the joint stock companies in our economy as a whole. This is what the report has to say:

> "On this approximation the share of Joint Stock Companies in the total national income of the Indian Union works out at about Rs. 1,500 crores (or 17 per cent of the net domestic product at factory cost.)"

Seventeen per cent of our national economy is controlled by the Joint Stock Companies. This 17 per cent of our income which is controlled by the Joint Stock Companies in its turn is controlled to a very large extent by the managing agents.

May I invite your attention to the written evidence given before the Company Law Committee? I am reading from the writer evidence supplied by the Tata Industries Ltd. On page 683, this is what they have to say:

> "On a conservative estimate, therefore, approximately 66·2/3 per cent of the total capital invested in joint stock companies belongs to the category of companies managed by managing agents. If banks and insurance companies which are prohibited by law from having managing agents are excluded from this computation, the percentage of capital of managing agency managed companies of the total capital would naturally be a substantially higher figure than 66·2/3 per cent and would be nearer 75 to 80 per cent."

Seventeen per cent of our national income or national product is controlled by the joint stock companies and 75 to 80 per cent of the capital controlled by the joint stock companies is in the hands of the managing agents. This gives a rough idea of the tremendous influence, apart from strategic position that is occupied by them, of the managing agents, in our economy. We have to decide whether it is wise that a handful of men should be permitted to occupy such an outstanding position in the economy of our country.

May I further invite your attention to the fact that we have greater concentration of wealth and power, economic power at the apex of our industrial and economic pyramid than in any other country in the world. I would like to invite your attention to the authoritative study recently published by Brookings Institution of the United States of America which has studied all big enterprises. On page 125 of the book, Big Enterprises in a Competitive System, it is said:

> "A hundred largest industries have accounted for nearly 27 per cent of the assets of all our industries."

A hundred largest companies in the United States of America have 22 per cent of all the assets invested in the industrial economy of that country. Here, in India, we find that out of 530 crores which is the total paid up capital of public limited companies with paid up capital of over Rs. 5 lakhs, 52 companies alone have a total paid up capital of 114 lakhs, which means that 52 companies account for 22 per cent of the total paid up capital of public limited companies with a paid-up capital of over Rs. 5 lakhs. If we look at the profit figures we find that the situation is equally disturbing.

In the same book, on page 126, it is said that the total taxes profits before taxes of the 100 largest companies of the U.S.A. in 1948 were 8·4 million dollars or 30 per cent of the profits of all great industries, which amounted to about 27·8 million dollars. This is what the Brookings Institute study has to say on the subject. We find that in India 52

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companies account for 30 per cent of the total profits. These figures were given by me on the last occasion. I do not want to repeat them but I would like to invite the attention of the Finance Minister that in India today there is greater concentration at the top than even in the United States of America. I am reiterating these facts over and over again because I am most anxious that the House and, if possible, the Finance Minister should realise that we are giving a fresh lease of life to a kind of concentration which does not exist in any other country of the world.

What are our social objectives? I know the Finance Minister has often dismissed my plea on this ground, but may I once again invite his attention to the inescapable fact that whatever we enact here must be in conformity with our social objective Only yesterday I found that the AICC has reiterated certain social objectives. I can cite any number of resolutions passed by the Congress Party itself. I need not look up to the records of any other party. The social objectives of our economy—and I believe of our Constitution also—is to create a democratic, decentralised egalitarian society. That is a very clear-cut objective. If any citation is necessary I would invite your attention to the objectives resolution that was passed by the AICC some years ago. "Our aim should be to evolve a political system which will combine efficiency of administration with individual liberty, and an economic structure which will yield maximum production without the operation of private monopolies and the concentration of wealth and which will create a proper balance between urban and rural economies. Such a social structure can provide an alternative to the acquisitive economy of the private capitalism and regimentation of a totalitarian State." What we are interested in is creating a society which will be different from the acquisitive society that exists under capitalism or the totalitarian society that is favoured by our friends in this side.

But, I find that even after this objective has been clearly stated and reiterated over and over again, the Finance Minister wants to come here and do something which even the Americans would be ashamed of doing. They have been fighting it, but whether they have succeeded or not is a different matter. The whole object—as this book tries to show—is the place of big enterprise in a competitive system. It seeks to emphasise the egalitarian form, to avoid concentration of wealth and accumulation of power. We are here called upon by the Finance Minister to give a prolonged lease of life to the managing agency system. It is for these reasons....

Shri C. D. Deshmukh: I do not quite see the connection.

Shri Asoka Mehta: I will point it out in a minute. It was for these reasons that the Economic Programme Committee of the AICC presided over by no less a person than the Prime Minister himself had said in 1947-48 as follows:

> "In private industry the existing system of managing agency should be abolished as early as possible."

I quoted from this report last time and the Finance Minister said the Government could not attend to the recommendations made in this report as far as workers' participation is concerned because there were other urgent tasks and those urgent tasks were being attended to. But, here there is a categorical pronouncement by the Economic Programme Committee, over which the Prime Minister had presided that the managing agency system should be abolished as early as possible. Seven or eight years have gone by. I am saying, you can have it for four more years, but at least say that after 1960 no manag-

ing agency shall survive. But, on the contrary, you are creating conditions —and speech of the Finance Minister the other day seems to suggest that he is not at all interested in envisaging the termination of the managing agency system in 1960—favourable to them. Here is this categorical declaration which was made by the All India Congress Committee and it is interesting to find that the business houses in India had reconciled themselves to an early termination of the managing agency system. May I invite the Finance Minister's attention to the memorandum submitted by the Tata Industries Ltd.? On page 684 this is what the biggest industrial house in the country has to say:

> "These facts are mentioned as it would appear that the policy adumbrated in Government proposals is the gradual liquidation of the managing agency system in the field of company management."

The proposals made by Government by their 1950 amendment to the Company Law Act gave an impression to the business houses in India that the policy of the Government was the liquidation of the managing agency system. It was with that intention that this particular Bill was also introduced but I find, and I am sorry to state it, that there has been a shift in the emphasis. Originally we were intending to end the managing agency system; then the end was to be brought about piecemeal, today we are called upon to be satisfied merely with amending the managing agency system. Even an amended managing agency system is completely out of harmony with the social objectives that we have before us.

Mr. Deputy-Speaker: What does the hon. Member mean by "ending the managing agency system piecemeal"?

Shri Asoka Mehta: That can be done industry by industry. Government can declare that in one particular cotton textile industry there will be no managing agency system, then in shipping there will be no managing agency system and so on. I would like the Finance Minister to say whether those powers are going to be used or whether they are merely there to create some kind of false hope and likely to mislead us. The speeches that he has been making here have been more in favour of amended managing agency system rather than saying that it has to be ended. I suggest that this is an obsolete and abnoxious system and we as a nation and the nationalist movement in this country are committed to the ending of this system root and branch—whether a year or more or a couple of years or so should be given is a matter on which his pragmatic considerations can weigh. As far as the ultimate social objectives are concerned, surely it cannot be permitted after 1960. All that he has said is that there should be no managing agent in a managing agency. That is the only concession he has made to us so far. Beyond that everything remains vague as before, perhaps vaguer than before. Tata Industries feared in 1950 that the managing agency system was likely to be liquidated soon. That fear or that impression has been practically removed today.

The Finance Minister has been arguing that managing agents are necessary as they contribute to the finances of the industry. Here again I am sorry I have to invite his attention once again to the Reserve Bank Bulletin and it is necessary that he should pay some attention to what the Reserve Bank of India Bulletin has to say on page 725: that nearly three-fourths of the finance was provided by internal sources and one-fourth by external sources. In the companies examined by the Reserve Bank in 1950-52, it was found that three-fourths of the finances were developed through internal revenues. If you compare the conditions as they exist in the United States of America you will find that external finance plays a larger part there than what it plays in India, as illustrated in a recent publication *Economics of Industrial Management*, at page 59

Mr. Deputy-Speaker: Are there managing agents there also?

Shri Asoka Mehta: Even where there is no managing agency system I am pointing out this because the contention of the Finance Minister is that managing agents are necessary as they provide the finances for the Industry. I will not read out the detailed figures given here and they are here for the Finance Minister if he wants them:

> "These figures show that during the year 1946 the internal source of funds accounted for more than 70 per cent of the total corporate funds in most industries. In 1947, the proportion, although substantially lower than in 1946, is still quite large and is about 50 per cent on the average. Mr. Charles H. Schmidt, commenting on these ratios stated (and this is a quotation from the Federal Reserve Bulletin, a parallel bulletin to the one that we have in this country,—in its issue of June 1949):
>
> 'Corporate profits were at record levels during 1946-47 in most industries and dividend payments to stockholders were not increased in proportion to earnings. As a result, retained earnings provided two-thirds or more of the internal funds obtained by large corporations in none of the fourteen industries'."

In none out of 14 major companies or industries which are listed here, two-thirds of the resources needed were provided internally; in India three-fourths are being provided internally. That is the average for all the companies that has been examined here. I have not been able to find out what is the position of the industries, but that is not a task which cannot be attempted. Briefly my contention is that in India internal finance plays a greater role than even in the U.S.A. Under these circumstances, I fail to understand how the Finance Minister can come forward and argue that the managing agents are necessary in order to provide finances to the industry.

I would also like to invite your attention to the profits that are being made. In this quarterly bulletin, *Eastern Economist—Records and Statistics*, on page 15, industrial profits are given and there is also a chart, if you look at the profits of the industries, you will find they are going up. The general tendency has been for profits to be fairly high and the profits will remain high. My contention is that in a planned economy like the one that we are fashioning, where as far as consumer goods are concerned we want to get more such goods produced by small-scale industries, by small-scale processes, the large-scale industries are likely to make substantial profits and they will have plenty of resources for internal development. As to the amount or extent of profits that they have been making, I would like to draw your attention and through you of the Finance Minister to the latest issue of the Economic Review, which is a fortnightly journal of the All India Congress Committee. If my figures are not to be believed, at least the A.I.C.C. figures will not be disbelieved by the Finance Minister. This is what they say on pages 39 to 40. All the figures are given in an article which has been written by the editor of the journal himself and I do not think the A.I.C.C. would permit a person to be the editor of the journal unless he is a very competent. I would invite your attention to just one or two companies. Let us take the Madura Mills. The capital of the Madura Mills is Rs. 87,51,000 and the amount of total profits made between 1947 and 1953 comes to Rs. 3,24,96,000. These are the figures given there. Then, the capital of the Nyaghur Paper Mills is Rs. 1,42,92,000 and the profits from 1947 to 1953 is Rs. 1,69,31,000. Like these, a whole series of figures have been given, and of course, these figures are about companies which are owned and operated by foreigners in India. It is not only that the companies owned and operated

by foreigners in India are making big profits, but also big companies of this size are making tremendous profits, and those profits will continue. Therefore, my contention is that it will not be necessary for any managing agent to come forward and provide any kind of finances. The odds are that the managing agents will be using of finances of the company for further development or for development in which they may have certain advantages for themselves. This is not something peculiar to India.

Shri C. D. Deshmukh: That is to say, not for the development of the company?

Shri Asoka Mehta: I did not say that. I said for any further development, which will be of interest to the industry. I had raised that point when the Finance Minister was not here. I had asked: how far it is feasible that a textile mill should be permitted to start a cement factory or some other factory?

Shri C. D. Deshmukh: I am making another point that in the paper mills themselves if the profit is ploughed back. ...

Shri Asoka Mehta: I have no quarrel with it.

Shri C. D. Deshmukh: I am only suggesting that unless we know the figure of block capital-at-charge in this particular case, one can really form no judgment as to the relative size of the profit and the capital-at-charge.

Shri Asoka Mehta: I would like to invite the attention of the House to the fact that this is a world-wide phenomenon.

Mr. Deputy-Speaker: Are there no managing agents in the Titaghur Paper Mills?

Shri C. D. Deshmukh: My point was this. If the Titaghur Paper Mill is well-managed—no matter who is managing it; it may be a managing agent, managing director or a director —and if the shareholders are content with taking a limited dividend and ploughing back the profits into the capital—it is quite possible. I do not quite know when the Mill was started and one can conduct an investigation into it. But if one finds that the shareholders themselves plough back into their concern a part of their profits, then I cannot see anything wrong in their having a profit, much greater now, equal to the original paid-up capital. I cannot see how it reflects unfavourably on a particular system of management. That is what I am anxious to understand.

Mr. Deputy-Speaker: I think he was saying that profits were ploughed back and there was no need for so much contribution from the managing agent.

Shri Asoka Mehta: My point was exactly this. The other day the Finance Minister said that the managing agents were making a substantial contribution. I have not got here his speech but I am sure he said something to that effect that they were making a substantial contribution to the finances of the company. I am trying to point out through the *Reserve Bank Bulletin*, which has been reaffirmed by the Congress Bulletin, that, by and large today the finances of companies come from internal sources—that means shareholders themselves who were foregoing profits that could be distributed, and who put them back and developing the company. Why do we want managing agents?

Mr. Deputy-Speaker: It can be argued that the managing agents are effectively canvassing and advising the shareholders to plough back instead of frittering away the profits.

Shri Asoka Mehta: That takes me to a next important point. I was saying that this kind of thing is a world-wide development; that is a secular tendency. The well-known economic historian N. S. B. Gras, according to the book *Private Enterprise and Public Policy* states in his book *Capitalism and business* considered the

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source of capital to be decisive in the character of the economy. He recognise certain secular changes in the sources of capital: pre-business capitalism, petty capitalism, mercantile capitalism, industrial capitalism, finance capitalism, national capitalism, etc. He says that public capital comes in to supplement private capital in the system of national capitalism but it comes in to supplant private capital in the system of communist capitalism. Under national capitalism in which we are living today it is public capital which by and large supplements private capital. We are out on the one hand to supplement private capital through public resources and supplant in certain sections or sectors private enterprise by public enterprise. That is a kind of mixed economy or a mixed system which we are trying to introduce in our country. The Finance Minister's contention all the time has been that in the next five years or even in the next ten or 15 years the managing agents must remain and be permitted to function because they would be contributing money which would not be available otherwise. I have showed the whole secular tendency in the world and in India. The facts as they stand before us go to suggest that it is not so; that is not a fact. That is not likely to be the situation in the future. That is why I am appealing to the Finance Minister to revise his attitude on this subject.

Mr. Deputy-Speaker: Does it stand in the way of any industries being declared under the earlier clause?

Shri Asoka Mehta: Let him say that it will be declared. The other day he defended the managing agency system in a very stout-hearted fashion. If he would shift back the emphasis to where it was and if he would say that the idea behind this Bill is to bring about an early termination of the managing agency system and that quit notice would be served on them by 1960, it will be something with which I will have no quarrel. But from the tenor of the speech and pronouncements that he has been making it appears that he does not want to serve any notice.

Mr. Deputy-Speaker: To avoid trouble in the first instance, let the Companies Bill be passed.

Shri Asoka Mehta: This is the only chance of raising this question. What is the use of letting this Bill go through? I want to see that the horse does not run away; what is the use of bolting the door afterwards?

Mr. Deputy-Speaker: There is a clause in this Bill under which certain industries may be declared to be such as ought not to have any managing agencies.

Shri Asoka Mehta: Is that the governing clause?

Mr. Deputy-Speaker: That is the first clause in this chapter.

Pandit Thakur Das Bhargava: The second sub-clause of clause 325 also says that if it is not against public interest to allow the company to have a managing agent, only then approval shall be given for appointment of a managing agent.

Shri C. D. Deshmukh: Would it be proper for one to take power and then say that we shall so use the power that every industry will be notified? Do I take the power to approve and then say when I move that clause that it is my intention not to approve of any managing agency in future? It will be a mis-representation of any intention.

Mr. Deputy-Speaker: Would it be the intention of the hon. Finance Minister or whoever may be in charge of it to make this a dead letter?

Shri K. K. Basu: He said the other day that he was going to have this threat and see whether they behave properly or not.

Shri Asoka Mehta: He referred to the Prime Ministers of Kandy. I have not forgotten that famous story of the

Prime Ministers. He has no desire to use this provision.

Shri C. D. Deshmukh: I have no desire to use it before it is applicable—in other words before 1960, unless they expire earlier. I have no desire to approve because I cannot; what I am saying is that an opportunity is given because in the meanwhile people may,—managing agents themselves may—have made up their minds about what I am likely to do; therefore, some of them may liquidate themselves. As I said, they might commit suicide, while I cannot slaughter till 1960.

Shri K. K. Basu: The basic difference is this. He believes that the maintenance of this system, it will serve the economic life of the country. (*Interruptions*)

Pandit Thakur Das Bhargava: Why slaughter them at all?

Mr. Deputy-Speaker: If by 1960, all these companies—let us use the expression 'slaughter'—instead of being slaughtered get themselves extinguished, where is the need for slaughtering?

Shri Asoka Mehta: They shall not get extinguished, they will say that there is no need to end them. That goes against what the Congress has been saying for the last ten years.

Shri N. C. Chatterjee (Hooghly): Forget the Congress.

Shri Asoka Mehta: I am in total agreement with what the Congress said in their report in 1947. (*Interruptions*)

Shri C. D. Deshmukh: The hon. Member has been putting words into my mouth. So far as notification of industries is concerned, it is not a question of approval. Obviously you cannot approve of managing agents in an industry that is not in the same plane as an individual approval. When I say that, I will examine the instance of a particular industry, it will be with reference to various

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other objects, like the necessity of promotion of fresh units and finding of finance for those particular units and it is possible that what the hon. Member is saying in regard to the trend of the whole of the industrial field, both here as well as the trend elsewhere, may help in regard to a particular industry. That is to say, if we come to the conclusion that in a particular industry there is neither promotional activity nor financial activity for which one would necessarily have to look to the managing agent, in that case, I anticipate the position would be that we will notify that industry. How does that amount to saying that we want to continue managing agents at all costs?

Mr. Deputy-Speaker: All that he wants to know is, of all the various kinds of industries and so many companies that are there, is there not a single one even now, to which, as it stands at present and if the same state continues for 5 years, at the end of 5 years the axe will be applied?

Shri C. D. Deshmukh: So far as notifying of industries is concerned, if the industry is notified there is no question of picking and choosing. What I mean to say is that even if there are good managing agents they come within that. In the case of industries which are not notified we are concerned with the advantages or disadvantages of managing agents for individual units.

Mr. Deputy-Speaker: If there is no chance of any group or category of industries being notified at all, what is the use of this clause here, because, good and bad companies both—come under this when the axe is applied? Even a single company which is very well-managed by the managing agents will go because the axe applies to categories of industries. Therefore, if the majority are badly managed and it is unnecessary to have managing agents, no special purpose is served by this. Is there not even one case of a concern which is well-managed and which may come under clause 1?

Shri C. D. Deshmukh: Who is saying there would be no case?

Mr. Deputy-Speaker: That is what they are saying.

Shri C. D. Deshmukh: I am denying it.

Mr. Deputy-Speaker: Now, the matter has been made clear.

Shri Asoka Mehta: Sir, it is not that the hon. Minister has made up his mind that there is absolutely no category. Those who follow me—I have not got his speech before me.....

Mr. Deputy-Speaker: Now, this is a speech by the Minister. Why should the hon. Member go back to some other speech?

Shri Asoka Mehta: Ultimately I shall be waiting and I shall be listening with the greatest attention to what he has to say in the course of his reply.

Shri C. D. Deshmukh: Plus reading what I have said before.

Shri Asoka Mehta: Then I would like to make a few observations on the remuneration question that was discussed the other day and that is connected with the points that we are discussing today. While discussing the question on remuneration he was not willing to take the average of 14 per cent. He made particular reference to the 16 per cent which was the managing agency remuneration in 1952. If you look up the index number of industrial profits you will find that in 1952 the profits were abnormally low; perhaps, with only one exception when it was the lowest in 1942, from 1942-1953 the figures were the lowest in 1952. Therefore, it is not proper to take 16 per cent as he was trying and to say that 11 per cent marks a substantial drop. I would still contend that the drop would be from 14 per cent to 11 per cent.

Shri C. D. Deshmukh: 10 per cent.

Shri Asoka Mehta: All right from 14 per cent to 10 per cent. The other day when the Finance Minister spoke about raising the limit from 3 per cent to 5 per cent in respect of the amount that may be contributed to charity he said that if it is a question of raising from 3 per cent to 30 per cent it is a question of principle, but 3 per cent to 5 per cent is a minor thing. I hope he will apply the same logic here and a drop from 14 per cent to 10 per cent cannot be made a question of principle as he has been trying to make. He said categorically: "We are trying an achievement which would be fully in conformity with the socialistic pattern of society which we are trying to introduce." I am not using these words and I would beg of him not to use these words because what he is doing is not surely in conformity with the socialistic pattern, if this pattern has any recognised meaning. In another speech he gave us detailed figures about the United Kingdom. If you will examine those figures you will find that, this is what he said:

> "So, you get all kinds of figures, and that, I think, illustrates the difficulty of trying to deal too meticulously with this problem. There are two ways of dealing with it. One is on a purely doctrinaire plane."

Then Shri T. S. A. Chettiar intervened and asked:

> "May I ask a question? Does this difference in percentage differ from industry to industry, or is it purely dependant upon the bigness or smallness of the capital of the company?"

The reply given by the Finance Minister is:

> "I should imagine that it is because of the size of the capital, because in the lower column I have got all kinds of things—Triplex Safety Glass, Reeves, Allen and Hansbury, Platers and Stampers, Huntley and Palmers etc.,—all kinds of industries."

Therefore, in England the remuneration varies with—if you use the

words of the Finance Minister—"the size of the capital". That is what we have been demanding by suggesting that there should be a sliding scale whereby if the profits are too high—and, as he himself has explained to us beautifully and very lucidly over and over again that there is a relationship between profits earned and the amount that would be invested—the rate at which the remuneration should be calculated should be lower and where the profits are low—that means, where the capital invested is small—the rate of remuneration should be high; it might begin with 11 per cent. and down to 5 per cent. That is, what I believe, Shri Bogawat's amendment and Shri Kamath's amendment seek to do

If this is the position in the United Kingdom, if I have understood the Finance Minister correctly, and if his researches and his analysis of the conditions prevailing in the United Kingdom have led him to this conclusion that there remuneration varies with the size of the capital, why should that method not be adopted here? Why does he want a kind of flat uniformity? Why is he not willing to accept the amendment—Shri Bogawat's amendment—which is still open with suitable modifications? He may make necessary modifications in the amendment but the principle underlying it must be accepted if the analysis offered by the Finance Minister has any kind of relevance to our discussion.

Mr. Deputy-Speaker: He says that they are voluntarily doing it as in the case of Tatas.

Shri Asoka Mehta: Sir, the whole trouble of all this and the reason for introducing this Bill was due to the fact that these genetlemen would not do things voluntarily. We have seen that over and over again and how can we again say that things would be done voluntarily? Then why are we wasting so much of our time over these 640 clauses and 12 schedules? Why are we spending days and days over this Bill and wasting reams of paper?

Shri K. K. Basu: We can discuss the thing and in the meantime we can make an appeal.

Shri Asoka Mehta: My next point is that he misunderstood, the other day, the figures that were quoted by Shri M. S. Gurupadaswamy and said that if in mining industry they are getting 1·8 per cent why should they raise it to 10; they will be satisfied with 1·8 They are not satisfied with 1·8 per cent because the profits are low and their remuneration is low. The figures which he quoted are what they are getting today. The mining industry is bound to improve in the next five years. We are interested in large-scale development of mining industry. Profits will go up then. We want to know how far the managing agency remuneration is to rise. If mines are of small scale then I can understand 10 per cent, but if they are of big scale—as the figures show; they are available more to him than to me—should they raise to 10 per cent or should they be allowed to raise to 5 per cent? That is the point which Shri Gurupadaswamy has made.

Sir, I am concluding and this is my last point. It is not much of a point actually, but I was sorry to find the Finance Minister turning round and saying:

> "I find myself unable to speak the same language as hon. Members opposite....."

I am unable to understand how he can say anything of this kind. What have the hon. Members opposite said?

> .....when they say Rs. 20,000 is now enough for anybody, Rs. 30,000 is enough for everybody for a year, and 6 per cent. is ample and so on and so forth."

May be. According to the Finance Minister, that shows that we do not care for evolution;—that we do not care for it, and that we want revolution and we want to blast up everything,—as he has said in the course of his other observations.

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But may I draw his attention to what his own party has to say on this subject? His own party,—it has been said here,—wants that profit should be limited to six per cent. "A five per cent dividend in terms of employment capital will be maximum limit for distribution of profits". This is what his party has said. Then, it has said somewhere else that the maximum should be 40 times the minimum, and should be brought down slowly to 20 times the minimum. This is exactly what he has said and what they are saying, and he finds it very difficult to understand our language. Evidently, the Congress Party speaks with two languages—one language when it meets in the A-I.C.C. outside and another language when it sits on the Treasury Bench here.

Mr. Deputy-Speaker: It may be so because they have to change on account of the Opposition!

Shri Asoka Mehta: If the Congress Party is not willing to carry out what it has been saying outside and if the price for it is that we should walk out of these benches, I would be too happy to walk out because I want my country to progress.

Shri Kamath (Hoshangabad): Without being named!

Shri Asoka Mehta: Without being named, I will walk out and return my salary to the Speaker. The point is that I cannot understand this: the Finance Minister getting up and telling us that he does not understand our language, plain language, that we are speaking. What we are speaking is the very language that his leader has been speaking all these years outside the chamber, and it may be necessary that he may have to streamline the policies of course here. But our policy is not streamlining, and we are not going to adopt the policy of streamlining on this question of managing agency which is of crucial importance. This is not a question on which any amount of compromises can be made. I can understand a year or two being given, but the reason why I have moved my amendment is that after 1960, this obsolete and abnoxious system must not be permitted to exist in any industrial enterprise in this country. I hope and trust that this House which has accepted these ideas outside, which has approved the wide social objectives which we all commonly share, will endorse my amendment and I hope the Finance Minister, even at this late hour will be more responsive than he has been so far.

Shri Kamath: My amendments, stencilled copies of which have been distributed to Members, may also be taken as moved. The chit system was adopted on Saturday and I did not conform to that system. They were not printed at that time. I did not then know the numbers of my amendments, but I see they have been printed today. They have been supplied to Members. I request that they may be taken as moved formally.

Mr. Deputy-Speaker: The chit system is only for the purpose of enabling hon. Members to save the time of the House. If any hon. Member has got any constitutional or other objection, certainly, before the discussion starts, the hon. Member must indicate to the House those points. I will give every hon. Member an opportunity. Now, Shri Asoka Mehta has spoken. Shri Sadhan Gupta has spoken.

Shri Kamath: I made the request on Saturday. At that time, Shri Barman was in the Chair, and because the amendments had not been stencilled by that time, the Chairman permitted me under rule—I forget the rule—to move the amendments on Monday, today.

Shri K. K. Basu: He did not know the numbers.

Mr. Deputy-Speaker: I have no quarrel. Now, as soon as the hon.

Member came here, and before the discussion started, why did he not move? In that case, other hon. Members might have had an opportunity to say what they wanted to say.

Shri M. S. Gurupadaswamy: I had already given my amendments before the discussion started.

Mr. Deputy-Speaker: If the hon. Member does not know of the chit system, by all means, let him refrain, but he must give sufficient indication of his amendments before the discussion starts. If, in the special case where, as he has stated, he has not got the numbers of those amendments with him, as soon as discussion started today, he might have pointed out the fact and asked that those amendments may be taken as moved.

Pandit Thakur Das Bhargava: Shri Gurupadaswamy says that he has given notive in respect of these very amendments.

Mr. Deputy-Speaker: Shri Gurupadaswamy gave his amendments this morning. They will be covered in the list.

Shri Kamath: If he has given, it is all right.

Mr. Deputy-Speaker. A particular thing may or may not inconvenience an hon. Member but the House ought not to be inconvenienced. So, every hon. Member must know—and hon. Members do naturally know—what the amendments are that are going to be dealt with, and therefore, if an hon. Member does not want to give a chit, by all means let him get up and come forward with the amendments as soon as the discussion starts.

Shri Kamath: That is why I got up. Because the amendments had not been stencilled then and circulated, I rose to say what I did say. It has been done now.

Shri T. S. A. Chettiar (Tiruppur): My amendment reads:

> Page 171 after line 13, insert:
> "Provided that before doing so, the Government shall consult the Advisory Commission constituted under section 409 of this Act."

The Finance Minister, in his reply to the discussion, has already agreed to consult the Commission, and I do not think there will be any difficulty for him to accept the amendment. Now, I would like to discuss a few clauses. Shri Asoka Mehta mentioned about the evils of the managing agency system. We know the system and we are also familiar with the evils of that system, but companies cannot be run in a vacuum. We have not heard any suggestion about any alternative system that can be followed. It has not been suggested so far in the discussions in this House.

Shri M. S. Gurupadaswamy: Have a managing director.

Shri T. S. A. Chettiar: That is provided in the Bill. To me, the words "managing directors, secretaries and treasurers" in essence will reflect the same system and they will not be different very much from each other. I have some experience of these matters. I come from one of the districts in which there is a large amount of industrial activity, and that is Coimbatore. I have met those persons, and I know that in effect, anybody who has been put in charge of management, in the circumstances mentioned, will be about the same. How they will develop in the future in different conditions imposed in the Bill is something which we can only hope and see later. But as far as I see now, those conditions will not be very different. To me, to talk about the managing agents may be one thing, and to abolish the system or to abolish the evils in the system is another, and I shall come to those points later.

We have got many clauses which seek to abolish the evils in the managing agency system. That is the first point. There is a clause to remove all directors for fraud. Clause 337 provides for the removal of the managing agent for gross negligence or mismanage-

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ment. If the shareholders can prove to the Central Government that the directors have been negligent in the management of the company, that the losses or other defects in the management of the company are due to negligence, the managing director can be removed. Clause 343 provides for the managing agency not to be heritable. This is a great improvement on the old system where it was made heritable. Clause 347 provides that the remuneration of managing agents shall not exceed ten per cent. of net profits, ordinarily. Clauses 356 to 363 say that the managing agents or their associatiates cannot be employed as selling agents, etc. These are all very healthy restrictions. I welcome those restrictions, but there is no point in saying that there should not be the managing agency system; I am not able to understand that proposition, because no alternative method of management has been proposed. Managing agencies are not evolved in a day. Huge industries have to be managed. Today, we expect that the private sector will invest about Rs. 750 crores to Rs. 1,000 crores in the next five years. That means people must come forward to take shares, but we know that certain names count in inviting shares and certain names do not count or attract. If that is the case, we cannot abolish the system, simply because we have some ideological differences. Ideological differences are all right in the discussion but in the actual matter of doing the thing, I think we have to see the facts as they are, and to my mind, bad as they may have been—and power has been taken to abolish the abuses—we must give time to the country to evolve other systems of management. A sugegstion has been made, I think, in the A-I.C.C. meeting and even in other places, that a socialist pattern of society should envisage the management of business through co-operative means. That is absolutely true, but today, as far as we have seen, we have not seen a single successful venture on the co-operative model. In fact, no companies have been started on the co-operative model. I wish and believe that as time goes on, respect for wealth will be lessened and respect for the human ingenuity and character will be more; that will be the basis of the co-operative system. In the seminars on the Five Year Plan for the southern region while discussing this matter we could not find any example of successful business on the co-operative basis. To me the essence of the question is, whether we can find alternative methods of management; and the reply is, for the abolition of the managing agency, we have to evolve a kind of management which will be without the evils which are there in the managing agency system. I think it would be playing with the nation's future to say that we shall abolish the managing agency system today or even in 1960, unless we evolve an alternative method of management without these defects. Even if we want to do it; it will be wrong to announce it, as in that case they will not have any interest in the management. They will exploit and get all the money that they can possibly get. To my mind if you have any idea to abolish managing agencies, then terminate them whenever necessary if they do not prove good. But in the larger scheme of industries before us, I think it will be a great danger for us to abolish the managing agency system, before we evolve a better method of management. Statesmanship consists not only in assuming power; statesmanship also consists in giving them a new trial, because we have no other alternative management.

Now I would like to say a few words about clauses 323, 325, 331, 337 and 343. To my mind, clause 323, as it is worded at present, gives ample power to Government to abolish the managing agency system in certain industries. The following clause gives powers to the Central Government to approve or disapprove of managing agents in certain individual companies. Even before the notification is issued, under clause 323, if certain companies

are fraudulent, if their management is not good, if their remuneration is high and if they infringe the interests of the minority shareholders, then there is enough power given to Government to take suitable action. The Government can appoint directors on the representation of 10 per cent of the shareholders. The Government can remove the managing agents. Therefore, clause 323 gives ample power to Government to regulate the managing agencies in future, so that if in any industry an alternative management can be found, the Government can abolish the managing agency for that particular industry. There is enough power for Government to abolish the managing agency in any industry. A complaint was made by Shri Asoka Mehta that the Finance Minister has not declared that. What declaration can the Finance Minister make, more than what is contained in the provisions of the Bill itself? To my mind, if the managing agents of certain companies are bad, the people will not allow them to continue, the shareholders will not allow them to continue, if they are not functioning properly.

I now come to clause 331. This clause says that no managing agent shall have managing agency of more than 10 companies. To my mind, this is bound to be irksome and ineffective. To a certain extent, it will prevent concentration; but I think it is almost true that many of the managing agents who have more than 10 managing agencies will retain their managing agency of 10 companies, and convert the others into secretaries, treasurers or managing directors. All the same, clause 331 is an improvement, though to my mind, it will not be really effective.

There is also another thing which has not been considered in this Bill and that is regarding holding companies. There may be a holding company which may have a hundred subsidiaries and the managing agents of that holding company will be able to control all the 100 subsidiaries. For purposes of clause 331, they will be considered as the managing agents of only one company. This matter has not been taken into consideration in the Bill at all. Under this clause, one can be a managing agent of 10 companies, which again may have any number of subsidiaries. To my mind, these are the defects in clause 331. To the extent to which it goes, it is welcome; but in my opinion, it must go much farther.

I would like to say something about clause 347. This clause has been the subject of considerable discussion. It has been pointed that the average income to managing agents is about 14 to 15 per cent. of the company's profits, but it is now being brought down to an average of 8 per cent. As I have earlier mentioned in connection with clause 197, I feel that it will be better if we can have a sliding formula to regulate the managing agency commission. Personally, I am for such a formula on a sliding basis.

Coming to the next point, every managing agent has to come up for renewal before 1960 to the Government. I believe the Government will make a statement on the floor of the House that when they consider the renewal of any managing agency, they will lay down the terms according to which that managing agency will have to function. We also hope that it will be the policy of the new Company Law Department to see that as far as possible, remuneration is fixed in proportion to the earnings that will accrue to the managing agents. The remuneration should not be 10 per cent. The commission may be 5, 3 or 2 per cent fixed on a sliding scale. I think the Finance Minister should give a specific assurance to this House that it will be the policy of the new Company Law Department of the Government of India to see that the remuneration will be fixed on a sliding scale, at the time of the revision of the managing agencies' agreements. I hope that Government will give us the assurance that they will deal with companies getting large incomes in a way consistent with their responsibility

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and that the incomes of many of these companies will be reduced.

I would like to say a word about clause 351. About clause 351 also I am not very happy. Clause 351 says: that if a special resolution is passed by the shareholders and is approved by the Central Government as being in the public interests, even this 10 per cent. can be enhanced. I would like to know if the Government have in view any cases, and in what cases this commission would be enhanced. We would like to have some examples of cases in which this commission will be enhanced. I do hope that the words 'public interest' will be interpreted to mean that wealth should not be allowed to be concentrated; they should also be interpreted to mean that if a certain encouragement is necessary in the early years of a company, that encouragement may be given. It will help the House considerably if we can be given an idea of what they mean by public interest, and in what circumstances they will accept this increase. This is a very important matter which must be exercising the mind of the Government and I do hope they will be able to give us some examples of this kind.

Then, I come to clauses 337 and 343. Clause 337 says that a managing agent can be removed for fraud. Clause 343 says that managing agency is not to be heritable:

> "Any agreement made by a company with its managing agent after the commencement of this Act shall be void in so far as it provides for succession to the office by inheritance or device."

This clause is welcome as it is. But, knowing as we do that many of the managing agencies are not firms, but private or public companies, in many cases, this clause will not operate at all. The reason is this. In a firm, when a partner dies, his son cannot be a partner unless the other partners agree and there is a fresh agreement for the firm. In a private company or a public company, it is a matter of shares. But, if A who has a son B, holds 50 per cent. or 45 per cent. or a large number of shares in a managing agency company, the result will be, by virtue of the shares—he may be a dud, he may be a fool, he may be a blackguard; that is another matter—by virtue of the shares that possesses he is bound to become the managing agent, by virtue of the monetary position that he has in that company. So, we must regard that clause 343 will be applicable only in the case of firms. But, in cases of private companies and public companies where a large part of the shares is held by the managing agents themselves, there is no method of preventing the managing agency becoming heritable.

Shri K. K. Basu: There is an amendment as to private companies.

Shri T. S. A. Chettiar: That is a matter which requiries to be gone into.

Mr. Deputy-Speaker: That is to say, what is inevitable, allow it. They wanted to prevent this and say that it ought not to be heritable. Hon. Member thinks that in practice, it may be inherited. On that ground, does he want a removal of the clause altogether?

Shri T. S. A. Chettiar: I would not like it to be heritable even that way. Whenever there is any change in the managing agency, it has to come before the Government. I think Government will bear this in mind that it is not merely the shareholding that will be the main consideration in coming to a decision in this matter, but the character, ability, experience, etc., must be the main factors to be taken into consideration in any renewal or in the constitution of a new managing agency.

Mr. Deputy-Speaker: Fit, proper and other things are there.

Shri T. S. A. Chettiar: That is one of the main matters to be discussed in clause 324.

Mr. Deputy-Speaker: Very well.

Shri T. S. A. Chettiar: Clause 325 (2) says:

> "The Central Government shall not accord its approval under sub-section (1) in any case unless it is satisfied
>
> (a) that it is not against the public interest to allow the company to have a managing agent;
>
> (b) that the managing agent proposed is, in its opinion, a fit and proper person to be appointed or re-appointed as such, and that the conditions of the managing agency agreement proposed are fair and reasonable...."

We are vesting the Government with so much power. I do hope that the Company Law Administration will have certain precedents, certain cases decided on fundamental principles which they will have as a guide and apply to all people who come before them, regardless of any other circumstances, man to man or any party, etc.

Pandit Thakur Das Bhargava: Those principles are not indicated in the clause.

Shri T. S. A. Chettiar: It is true that they have not been indicated in the clauses. To that extent there is a defect in the Bill. The Bill is a huge one. I would like these things to be indicated in the Bill. Even if they are not indicated, I would like that the Company law Administration should establish certain traditions, certain precedents founded on well understood principles so that, as we know in a court of law in any case, what the law on the subject is, it must be possible for anybody who is coming before the Company Law Administration to know what are the conditions that would be normally laid down by the Company Law Administration.

Shri Tulsidas: May I ask the hon. Member to tell us what would be his suggestions as regards the criteria for the Government in deciding whether a person is fit and proper?

Shri K. K. Basu: Is it ex-Ministers?

Shri T. S. A. Chettiar: You know better. I said that he have ability, experience, etc. I can only say a few things: experience in business, reputation for integrity. These must be largely considered with reference to the actual business of the company concerned.

Mr. Deputy-Speaker: The hon. Member was in the Joint Committee.

Shri T. S. A. Chettiar: We considered many of these matters. So, I am saying that it must be evolved in actual experience.

Reference was made by Shri Asoka Mehta to the Congress resolution in 1947 that the managing agency system should be abolished as soon as possible. I believe that the Congress still adheres to that resolution. But, what is the alternative management that we have before this country, especially when we have a large programme for industrial expansion? The problem, as I mentioned a little while ago when the hon. Member was not present, is not one of abolishing the managing agency system. The problem is to evolve another system of better management. Of course, co-operative management is the best system. But, how co-operative management can be evolved suitably for large industries is something which has not been faced till now. If the State can,—and I think the State should,—give encouragement to co-operative management by way of less taxation or in some other ways, and encourage certain people, say in the sugar and textile fields, in which the management techniques are known, to have an alternative form of management, and if such management develops properly, then it will be time for us to come categorically and say that the managing agency system has so many evils, there is

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another system which has less evils and so let us choose the better one.

Shri K. K. Basu: The more paying one.

Shri T. S. A. Chettiar: The problem is not a negative one; it is a positive one, to evolve a better system of management. Till now, we have not evolved any better system of management. In the absence of a better system, mere negative action in abolishing the managing agency system will not do any good. Such an action will only create chaos in the business world. Negative action will prevent the progress of industrialisation which we want to have and which is absolutely necessary to raise the standard of living in the country, which is absolutely necessary to give employment to our people. To my mind, practical action in life does not depend on merely talking of ideological differences. Society must evolve a better system. Till then, I hope this Bill will help in the evolution of a better system of management. We cannot abolish the system as such while certainly we should take action against individuals who do not behave properly.

Mr. Deputy-Speaker: Therefore, the hon. Member suggests that sub-clause 1 should go: with respect to particular categories of industry, a notification may be issued, etc.

Shri T. S. A. Chettiar: You have not understood me. That will remain to enable Government to take action in such cases where they continue to be bad.

Shri N. C. Chatterjee: We have now reached the most controversial clauses in this Companies Bill. Naturally, there are bound to be very acute differences of opinion.

I have listened very carefully to the very interesting speech delivered by my friend Shri Asoka Mehta, but I am not convinced that he is right or that this Parliament will be justified in pronouncing capital sentence straightaway on all managing agencies *ad hoc*. I am almost sure that if Shri Asoka Mehta had been a member of the Joint Committee and had approached the subject with an objective mind, he would have endorsed what we have done in the Joint Committee.

There were two schools of opinion very strongly represented, and there were witnesses who came and argued, one for immediate abolition of the managing agency system and another for mending it and putting certain restrictions on its working. Ultimately we struck a *via media* and I think what we did was not wrong, and it would be entirely improper in the existing structure of the industrial economy of the country to immediately liquidate managing agencies or to pronounce a verdict that this Parliament in its wisdom, in its conjoint wisdom, says that there shall be no managing agency in any part of the private sector from a particular date. Even when the clause was introduced that when a notification is issued under clause 325, no managing agency can be appointed for a company without the specific approval of the Government, I doubted whether it would be legal or constitutional for the Government to take such wide, extraordinary and uncanalised powers. Therefore, the Finance Minister took some time, consulted the Law Ministry probably, and put forward certain conditions which are prescribed in clause 325, namely that public interest must be subserved, the qualification of the person should be taken into account and that the managing agent must be in a position to fulfil the conditions prescribed by the Central Government. I am not quite happy whether these conditions are very properly framed, or these are the proper criteria. But I know that the private sector is still very deeply perturbed over the conditions we are imposing and over the very wide powers, extraordinary powers we are conferring on the Central Government. Very loud and cogent protests, I must say, have been voiced by big managing

agency firms and some of them do deserve consideration.

The Bhabha Committee in its very considered report has rightly pointed out that the managing agency system has played an important role in the industrial structure of the country. Whatever little progress India has made in the field of industrial organisation and enterprise has been largely due to the efforts of certain well-known managing agency firms, well-known businessmen and industrialists associated with established houses of managing agents.

I want to make my position clear. If India had an integrated capital market, I would have voted with Shri Asoka Mehta and supported his amendment. If India had today really organised investment syndicates or under-writing firms or trusts through which private investment could be secured for industry, there would have been no hesitation. But I think the main finding of the Bhabha Committee is still correct and holds good. I do not know whether you have got the Bhabha Committee's report, but at page 83 top you will kindly see why they have recommended, why the Bhabha Committee knowing the malpractices, knowing the abuses, knowing the other difficulties which have been created by the managing agency system, knowing the lapses which had taken place from standards of behaviour, are recommending its continuance. At page 83 top, you will find this significant sentence:

> "While history has changed and geography has been countered by modern developments in transport and communication, this country still lacks a properly organised capital market. An integrated capital market, with issue houses or investment syndicates occupying a central position in it, provides the main channel through which private investments are made in all advanced countries of the world. In this country, the functions performed by these financial institutions have been hitherto largely carried on by the managing agents, who have thus been able to entrench themselves in a very strong position in the private sector of the country's economy."

Therefore, taking an objective view, taking a practical view, not reading all these American books which my learned friend has cited...

Shri Asoka Mehta: Please read the Reserve Bank bulletin. Do not read the Bhabha Committee Report. Then you will know what the facts are. Ignore the American books.

Shri N. C. Chatterjee: I ignore the American books. I am not overweighted by all this book learning and all these statistics that can be played about either way. But what I am saying is: can anybody in this House say that today this country has got a properly organised capital market, issue houses or investment syndicates occupying a central position therein which can really secure...

Shri Asoka Mehta: Seventyfive per cent. of capital is raised through internal financing. That is what the Reserve Bank bulletin says.

Shri N. C. Chatterjee: Every man with any commonsense knows, apart from books, apart from statistics, that really people subscribe for shares in companies simply because they have some faith in the integrity and credit worthiness of managing agency houses who say that they are floating these concerns. Take that practical aspect. Would it be right, when the Planning Commission itself says that the private sector has got to continue? I have not much faith in Congress resolutions. My friend Shri Asoka Mehta, although he criticises the Congress, has more faith in Congress resolutions than even Congressmen. But look at the Planning Commission. The Planning Commission is presided over by the Prime Minister of India, is that not so? And the Planning Commission itself says you must keep the managing agencies if you want industrial development, and therefore they say

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you must make all possible efforts to remove the abuses and malpractices. And at page 85, if you see the top of that page, this is the conclusion of the Bhabha Committee:

> "We feel that, shorn of the abuses and malpractices which have disfigured its working in the recent past, the system may yet prove to be a potent instrument for tapping the springs of private enterprise."

Don't you want, does not this Parliament want, do not the elected representatives of the people of India want that there should be industrial development in this country, there should be more capital formation, and do they not want that there should be some instrument for tapping the springs of private enterprise? When we have got no other alternative, it will not be proper to kill it straightway.

I was very much impressed, I should frankly say, by the evidence which was given before the Joint Committee by the Bombay Shareholders' Association. They were very critical of managing agents, and I may tell you the witnesses who came forward gave cogent instances as to how the restrictions should be put, how definite limitations should be put in order to take precaution against all undesirable practices. But I am reading one sentence of theirs:

> "We are of the opinion that while the managing agency system may be continued at present, its working, financial, managerial, business and all other aspects, should be reviewed after five years in 1959 and it should then be determined after a thorough enquiry how far the managing agency system should be continued or should be modified."

That was the view which appealed to us and I submit that it is a proper view. They go on:

> "By stages the managing agency system has been abolished in the sphere of banking and insurance. We consider it desirable that a fuller enquiry be made in due course to ascertain exactly the services which managing agents render to the industry in the changed economic climate in the country now prevailing."

We pressed for this, we pressed for facts, we asked the Government: "Have you got the organisation? Have you got the necessary data? Make up your mind and let the Joint Committee know." They candidly said they have not got the organisation.

You know, Sir, Sir N. N. Sarkar's Bill was not a bad Bill. His Act was not a bad Act. There was nothing inherently wrong, nothing inherently immoral in them. He tried to tighten, but it proved ineffective. The Bhabha Committee has said it has been ineffective because the Government had no organisatin, because there was no central authority, because there was no organisation set up to keep a continuous watch on the working of the 29,000 companies functioning in India. Therefore, they have said: scrap any law commission, any company law reform bill or anything like that. Unless and until you set up a proper central organisation which will command the confidence of the people and which will be in a position to do justice, to have a continuous watch over the machinations and working of the different companies and which will see that the Companies Act is properly implemented, you will not succeed. They can collect the data. They can have the necessary information. They can give the necessary facts to Government, and they can make their own recommendations. I agree with Shri T. S. A. Chettiar's suggestion that Government should not take an *ad hoc* decision sitting in North Block or South Block, or the Ministerial rooms, saying, on this day, we finally decide that there shall be no managing agency in a particular company. That would be most

improper. They should act on some data. I think the view of the Bombay Shareholders' Association also appealed to the hon. Finance Minister. He thought about it, and he found out that he had not the data, and that he had not the necessary materials to make up his mind or to instruct the Joint Committee or to place before Parliament all the details which would enable Parliament to decide it. So, the Bombay Shareholders' Association gave us the correct lead, and I hope Parliament will accept that lead. They demanded that there should be a proper review after five years, i.e. in 1959. I also demand the same thing, but only one modification I make and that is that I do not agree with Shri T. S. A. Chettiar that this advisory commission should do.

I want a proper Central organisation to be set up, as has been suggested by the Bhabha Committee. You know they have said that there should be an autonomous independent organisation set up; of course, it may be functioning in close co-operation with, and accepting the financial policy of, Government, but unless such an organisation is there, nothing will happen. They have pointed out that 'overlegislation' will not moralise people. They have said that you can put any number of restrictions, but they will not bring about the desired millenium, unless there is this Central organisation. They have pointed out that the absence of a Central authority has to a large extent defeated the object of the previous company legislation.

Very cogent reasons have been advanced by the Bhabha Committee for the creation of a Central authority to direct and to supervise the administration of the Companies Act. So, there is the need for a strong Central organisation continuously and closely watching the activities of joint-stock companies. You can formulate conditions, you can lay down all sorts of restrictions, but they will remain absolutely dead letters unless and until they are enforced in actual life. At the same time, there must not be too much of rigidity; there must be flexibility. And therefore, they have strongly recommended that such a Central authority should be set up. Government should accept that cardinal principle, and not merely ask for an advisory committee. They should see that some such Central authority is set up. That authority should get the necessary details, they should make a report to Government, and the Government should give us the facts and figures. There should be a comprehensive review at the end of five years i.e. in 1959, as suggested by the Bombay Shareholders' Association. And then we can make up our minds.

I do admit that a point may be made that the very fact that the managing agency system is allowed to continue may act as a deterrent or as an impediment to the growth of a properly organised capital market. It may be so, but let us be practical. We think on the whole that we have not made a doctrinaire approach. We have not made an ideological approach. We have not been overweighted with resolutions passed many years back—maybe, by very big people. We have tried to look at it from the practical and the objective point of view, and we think that what we have done is the right thing to do. We demand that the hon. Finance Minister should make the position clear and say that he accepts the basic recommendation of the Bombay Shareholders' Association, and that he will make a review of the whole position after five years and place the data before Parliament so that Parliament will then be in a position to decide what particular sector or what particular portion of a sector should have no managing agency any more.

Now, this continuity of the managing agency will depend on the average good behaviour of the managing agents themselves. They must realise their responsibilities in the new set-up. If they can promptly and thoroughly remove all the malpracti-

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ees and evils that have grown up, and if they can develop a code of internal self-purification or self-control, then I do not think there will be any demand for slaughter. The demand for slaughter has come only because they have not been able to control their comrades who have been behaving badly, and they have not set up any decent standard of behaviour.

Shri C. C. Shah (Gohilwod—Sorath): They will listen to his appeal, I am sure.

Dr. Krishnaswami: It is a good sermon.

Shri N. C. Chatterjee: As a matter of fact, that is not really an ultimatum; that is a warning which this Bill is giving to them. If they cannot set their house in order, then we shall know how to deal with them.

But in the overall picture of planning, private enterprise must continue to play a vital part. That is the definite finding of the Planning Commission, and that we cannot ignore. In helping and intensifying the programme of development and expansion, you cannot at once do away with the managing agency system. If you do that, you will be doing some disservice to the country.

Booklets have been given to us by the managing agency houses. I do not want *ipse dixits* of the managing agencies, but facts have been given in the booklets supplied by the managing agency houses to Members of Parliament.

Take, for instance, what Messrs. Tata Iron and Steel Co. Ltd. have pointed out in regard to what their managing agents have done. Their managing agents are Messrs. Tata Industries Ltd. In the booklet entitled *Achievements of Managing Agency System* they have pointed out that in a certain year, great financial difficulties were experienced.

Shri C. C. Shah: That is an old story.

Shri N. C. Chatterjee: You do not like it?

Shri C. C. Shah: I like it very much.

Shri N. C. Chatterjee: Do you want Shri Asoka Mehta's books, or do you want facts?

Shri S. S. More (Sholapur): Quote something new.

Shri N. C. Chatterjee: This is what they have said in the booklet:

> "The Imperial Bank of India, with whom the company had an overdraft arrangement, asked for additional security against the advances made to the company by the Bank. The company was unable to provide this additional security and, in order to accommodate it at this critical juncture, two of the partners of the managing agents' firm, *viz.* Sir Dorab Tata and Mr. R. D. Tata, came to its rescue and offered the Bank the necessary additional security on their personal pronotes."

I think you wanted to know the position of the Titaghur Paper Mills Co. Ltd. The managing agents of this company are Messrs. F. W. Heilgers & Co., Ltd. It has been pointed out in this booklet that there was a loss in a period of five years to the tune of Rs. 36:40 lakhs.

> "In order to meet these losses the managing agents advanced Rs. 30 lakhs to the company. It was necessary, however, to reorganise the capital structure in September 1925.
>
> Under this scheme, the managing agents offered to forgo the loan of Rs. 30 lakhs which they had advanced to the company. Accordingly, the face value of the shares was written off to the extent of Rs. 18 lakhs and the debts of the company reduced by Rs. 30 lakhs. The managing agents were allotted 175,000

deferred shares of Re. 1 each in consideration of their gesture to write off the advances to the company. The managing agents also waived all remuneration due to them during the period the company was in difficulties."

So, they are not all bad, they are not all wicked; they are not all perverse; they are not all trying to black-market. There are good and bad managing agents; and of course, the bad reflects on the good. All that I want to point out here is that there is naturally some uneasiness in the private sector; there is some apprehension that the tyranny of bureaucracy and political power may lead to favouritism or jobbery or other undesirable things. That is the fear which they have.

I would give Government such wide powers as they are seeking to take now, provided they would accept the main recommendation of the Bhabha Committee who have pointed out that the absence of a Central authority has to a large extent hullified the administration of company law and has made possible these malpractices. If a Central organisation is set up as recommended by them, which will be independent of any political control or any party control, then I would certainly be prepared to give Government very wide powers for the purpose of keeping the managing agency but taking away their powers, or for liquidating the same in a particular part of the sector, if it is found that it is unnecessary or that they are not behaving properly.

We are not unmindful of the fact that, in certain fields especially, industrial enterprise has to a large extent been helped by the pioneering efforts of the managing agencies. But we have paid the price for it; we do not want to pay too much price for it any more. I think on the whole that what we have done in the Joint Committee is not improper.

At the same time, one thing has been overlooked, and that is this. The country should know that we have gone much farther than the original Bill itself. I think it was you who had observed in the course of the discussion on the original Bill, that the first thing that should be done here is that there should be no heritability. And some of us also said that the greatest blot would be to allow this to descend. If I remember aright, it was Shri Manu Subedar who said that there is an inherent incompetency in the third generation. But managing agents have got a particular virtue or quality which is passed on from generation to generation. So, in clause 343, we have provided that managing agencies shall not be inherited. We have provided in that clause as follows:

> "Any agreement made by a company with its managing agent after the commencement of this Act shall be void in so far as it provides for succession to the office by inheritance or devise."

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Therefore, you cannot will it; you cannot bequeath it. It cannot devolve like that. It must come upon its own merits, and that, I think, is the proper thing. I hope the private sector will not be unduly perturbed by these restrictions. On the whole, we think that the view of the Bombay Shareholders' Association is the proper view that should commend itself to the Finance Minister. I think the Finance Minister cross-examined them and put straight questions to them—would you advocate immediate abolition of the managing agency system? Although they are strong critics of the managing agency system, they were constrained to admit that unless an alternative was developed, and unless there was a proper money market in this country, it would be disastrous completely to abolish the managing agency system, which will mean crippling the incentive, at the same time drying up that particular machinery for tapping private resources which are the only ones now available in our country.

Dr. Krishnaswami: This important batch of clauses raises questions of principle and economic policy. I have moved amendments to clauses 323 and 325. These are numbered 823 and 827 on the Order Paper.

I shall have much to say on clause 331 and would invite the Finance Minister to take the House into his confidence on the general principles which have influenced him in accepting the suggestions of the Joint Committee.

Let me consider clause 323. I hope I am interpreting it correctly. Clause 323 reads as follows: "Power of Central Government to notify that companies in specified classes of industry or business shall not have managing agents." It is agreed that there can be in the future certain industries in which managing agents need not function. Where they have become function-less, where society has already paid a price for their pioneering effort, it might not be necessary to give them a lease of life in such classes of industries. But the powers that have been given to the Government to terminate managing agencies under this clause are extremely vague and liable to be abused. Power has been conferred on the Central Government to make rules without specifying the scope or indicating the manner of exercising it. Certainly, I hope it is not the intention of the Finance Minister or of the Government that such wide powers should be exercised arbitrarily. What are the considerations that officials will have in view for exercising such power? I believe that a few of the considerations that would be taken into account, would be the age of the industry, the availability of underwriters willing to underwrite in a particular area, and the growth of this type of industry. Presumably, the rules will lay down these considerations. But in view of the importance of this power and the repercussions on society by the exercise of such power, it would be appropriate that Parliament should have the power to express its views by suggesting modifications. Clause 323, as worded, does not give scope to Parliament to suggest those modifications, because all that the clause tells us is that "copies of all rules prescribed, and of all notifications issued, under sub-section (1) shall, as soon as may be, after they have been prescribed or issued be laid before each House of Parliament." I have moved an amendment that Parliament should have the power to move certain amendments or express its views in the shape of positive suggestions, and that provision should be made in the rules. This is after all fair; for when even rules under the Motor Vehicles Act are subject to modification by Parliament, I see no reason why in such an important matter as involving the termination of managing agency of a particular industry or sections of an industry, Parliament should not have the right to suggest amendments, the right to suggest how far these rules fall within the scope of the power that has been conferred on the Government.

Now, I turn to clause 325. I am afraid I do not agree with the Government in their contention that they should take the power to determine whether a particular person should be a managing agent or not. Let us be clear on what we require. If it is a particular industry for which we want no managing agents to be appointed, I can understand this standpoint. But once the declaration has been made that a particular industry or a particular firm or particular sections of an industry within an area can have managing agents of their own, I cannot see any reason why Government should intervene at all to determine the choice of managing agents. Once a particular class of industry is permitted to continue the managing agency system, why should Government determine who should be the managing agents? The shareholders after all, who invest money in the enterprises, know what their interests are and they can select the proper type of man to be their managing agent.

Shri C. C. Shah: If only they could!

Shri G. D. Somani (Nagaur-Pali): They are not capable?

Dr. Krishnaswami: I cannot understand the idea of my friend that shareholders are captives of some force and that he is in a position to redeem them from captivity. I have heard of certain liberators, but I have not as yet heard of a Government by exercising patronage liberating shareholders. As a matter of fact, shareholders have been given ample powers under this Bill and I believe it is repugnant to all considerations of decency for outsiders to play the role of a 'nosy parker.' This provision would lead to a gross abuse of power; it would not heighten respect for Government, which is what we are all anxious to ensure.

May I point out that the criteria that have been given for making a choice are extremely vague? It is said that the Government should choose a managing agent who is fit and proper. Who is a 'fit and proper' person? They may choose, in all probability, only those who have already established reputations. When the Industrial Finance Corporation's affairs were reviewed in this House, several hon. Members pointed out that new people were not given loans and that fresh entrants were not encouraged. May it not happen that in the case of a Government Department, which wishes to play safe—and we cannot blame Government for playing safe—older men with established reputation, in other words, those who have had some experience and have had some amount of luck and opportunity, will be given the opportunity of being managing agents? Instead of industrialisation being broad-based, instead of our giving scope to young men with a spirit of adventure, we would probably shut out new talent from the industrial field altogether. And what, after all, is the danger of giving share holders this power? We have, after all, ample powers under clause 236 to intervene in the affairs of a company in the event of its being mismanaged; and therefore should any mismanagement occur, there is no need for us to trouble about the powers that we would have to exercise because we have already ample powers. Nor does it follow that Government's choice would always be correct. Government can commit blunders, and if it should happen that a managing agent chosen by Government is not to the mark, am I to take it that the shareholders can pass a censure resolution on the Government. I have dealt with this at some length because I feel that we are not acting along the right lines, that in our anxiety to control managing agents, we are trying to introduce too much bureaucratisation without being aware of the fundamental principles which should motivate us. If we wish to get rid of the managing agency—and there might be scope in certain industries for our doing so—by all means let us do it without any hesitation. But let us not try to introduce all sorts of powers and all sorts of restrictions, let us not try to introduce regulations for the purpose of choosing certain people for these posts of managing agents.

I pass on to the crucial clause—clause 331. As you will remember, it deals with the limit, the ceiling limit of companies which a managing agent can manage. I should like to read out that clause briefly. "Restrictions on Number of Managing Agencies. No person to be managing agent of more than ten companies after 15th August 1960." It says further:

> "Any person who acts as a managing agent of more than ten companies in contravention of this section shall be punishable with fine which may extend to one thousand rupees in respect of each of those companies in excess of ten, for each day on which he so acts."

Reading this provision, I thought that the Members of the Joint Committee imagined that they should fix

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a fine which a managing agent should pay at double the amount, which a Member of Parliament would have to pay if he did not take the oath of office and continued to sit in Parliament. A fine provision indeed! But let us examine the basic implications of clause 331. What are we legislating for? How does concentration of economic power arise? I should like at the outset to point out to my hon. friends that concentration of economic power and concentration of wealth are entirely two different things.

The first relates to the strategic position that an industry occupies in the economy; the other to the possession of wordly goods. It is not the number of units that a managing agent controls that furnishes an index of the strategic position that he is occupying in the economy of our country. Can any one suggest that a single industry like the Tatas Iron and Steel does not rank higher in importance and power than 25 textile mills managed by some magnate from Ahmedabad? Who are the people that possess the economic power? It is possible that we are over-estimating the fact of concentration of economic power, losing sight of the concentration of wealth which is basic and has an importance in the planned economic development of our country. The whole of our industrial structure is so tiny that even the biggest cannot occupy a dominantly strategic position. The organised industries including mining provide work for a little over 3 million employees but the working force in our community is a little over 140 million! And, all that these industries contribute to our national income is not more than 6 per cent.

I agree that concentration of economic power is bad. Concentration of wealth and diffusion of political power are incompatible. But the question is, is it a major problem with us today? I think that we are over-estimating this question and we have not really taken a proper perspective of the position. We have not realised that economic power is related to the strategic position which an industry occupies in the economy of our country. In many respects we have already shown prescience and taken proper steps to eliminate even the possibility of concentration of economic power. Why Sir? The Industrial Policy Resolution of 1948 has laid down the spheres of economic activity which the State can undertake and these are the basic industries. Therefore, I cannot understand all this talk that has been going on not only here but elsewhere about the concentration of economic power when all the while what we have in view seems to be concentration of wealth.

Let us also remember that the temper of our times is against concentration of economic power.

Nevertheless, it may be necessary to look ahead especially as we are thinking of the next Five Year Plan which is to come into being. Industrial tycoons may be generated even in a society with a powerful bias in favour of equalisation of economic opportunties. Monopolies may grow in the future. But surely the best device to tackle them is not by imposing arbitrary restraints on all companies which are totally out of place in company legislation but by adopting the expedient of a monopolies commission as in the United Kingdom to determine fair practices in certain industries. The State can also directly intervene to promote areas of competition so that smaller industries may spring into being to rectify the balance between one area and the other. That seems to be the motive behind the Rural Survey Committee's proposals and recommendations, although the method suggested by that body may not achieve this purpose. Are we not putting up skittles for the sheer pleasure of knocking them down without understanding what concentration of economic power is?

But, let me put this issue from a different point of view. There is

another side to this question. Even assuming that what we are doing is desirable, how are we setting about the task? Ten companies for any managing agency is an arbitrary limit. A company with a long list of objects may choose to expand into a giant structure. Much of corporate expansion is done out of internal funds and because it is done out of internal funds it is not possible—so long as the memorandum and objects of association authorise companies to undertake different activities—to curtail expansion. Therefore, this is a difficult provision to enforce.

Besides, let us remember that we have today three types of corporate structure envisaged in our company law. There is, for instance, the managing agency structure. There is also the secretaries and treasurers structure. And, finally, there is the structure of director controlled companies. Now, I ask this question. What is there to prevent a managing agent from exploiting all the three forms for the purpose of expanding his operations. All the three forms will be exploited in appropriate ways by those who are allegedly in possession of economic power. We may find ten companies managed by a managing agent and his associates, ten companies run by a managing agent and his associates in the capacity of secretaries and treasurers and ten other companies controlled by the same people in the shape of directors. Surely, it is not beyond the knowledge of my hon. friends to realise that if managing agents have 15 per cent block shares in any directly controlled company it is easy to control the policy of that company. I suggest that this artificial ceiling that we have put in our company law would be completely unenforceable and would not achieve the objective of curtailing expansion. But, what is the merit of this arrangement? It would be impracticable and unenforceable as I have pointed out. The only consideration that may be advanced by my friends is that the personal income of a managing agent would be considerably less than what it would have been if 30 companies had been operated by him under the managing agency structure. He would now have 10 per cent commission for the 10 firms he operates as managing agent, 5 to 7 per cent for the ten firms that he operates as secretaries and treasurers, and 5 per cent as commission for the companies managed as director managed companies. But, is this loss a gain to society? I am afraid that some of my friends with whom I have considerably agreed in their approach to economic problems have not taken account of the loss that will be sustained by the state. If the managing agent had obtained previously Rs. 25 lakhs from operating more than 10 companies as a managing agent, today, as a result of restrictions, he would, let us assume, obtained Rs. 20 lakhs. My hon. friends suggest Rs. 5 lakhs represents the fall in the income of the managing agent. But, I would like to point out that this does not represent the fall in income of the managing agent. Owing to the high rates of income-tax and super-tax that are levied, there is a loss in income to the State which we have to take into account. For instance, an eighty per cent income-tax and super-tax, on Rs. 25 lakhs leads to the result of the individual's net post-tax income being only Rs. 10 lakhs; when he earns Rs. 20 lakhs his post-tax income would be only Rs. 9 lakhs. The State would have lost Rs. 4 lakhs while the managing agent would have lost only Rs. 1 lakh. Surely, this loss to the State will have to be taken into account. In our irrational attempts by company legislation to impose arbitrary limits on the number of companies that can be managed by managing agents, are we not losing sight of the fact that our welfare State will lose resources which it would have had but for this curious experiment? I think in the process of pulling the big shot down or putting him in his place, we should not leave out of account the loss which the State would sustain. It is no satisfaction to me to be told that the other man has lost his income by Rs. 1,00,000 but that the State, of which I am an

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enlightened citizen, has lot Rs. 4,00,000 This is a factor which has to be taken into account.

Shri Bansal (Jhajjar-Rewari): What is the exact proposal of the hon. Member?

Dr. Krishnaswami: The proposal of the hon. Member is that we should not pursue mad hares, I am however coming to the constructive proposal which I have in view. Let me deal with concentration of wealth. I am saying that by introducing this clause which you assume is going to curtail economic power, you may succeed in reducing a bit the income of the managing agent but at the same time we would be reducing the income of the State in this process.

Shri K. P. Tripathi (Darrang): We may re-adjust the Income-tax Act.

Dr. Krishnaswami: My hon. friend suggests that we might re-adjust the income-tax, but there are limits beyond which we cannot adjust it, and surely the Finance Minister knows the implications of this proposal. Whoever else gave support to this doctrine, I did not expect my hon. friend the Finance Minister, who has an acute knowledge of finance, to lend support to this clause. If we have a greater amount of income accruing to the community as a result of this change, I can understand it. If we are able to reduce the income of the big shot without affecting the income of the State, then it would be a positive gain but we cannot achieve it and this is the greatest defect about this proposal for fixing a ceiling.

I pass on to the question which was raised by my friend, Shri Bansal.

What is important from the point of view of a developing economy is taxation of wealth and the creation of economic opportunities. Taxation on wealth would certainly go up in the near future provided we decide to have hefty property taxes. But a more important tax which will have to be taken into account is the capital gains tax, which can be and should be imposed in a period of deficit financing provided we can administer it properly. I hesitate to quote from books on this occasion especially as many hon. Members have been quoting from many books and my hon. friend the Finance Minister must have had a surfeit of books to read and digest. But on this occasion, I crave the leave of the House to quote from an authoritative report on taxation. Mr. Kaldor in a dissenting minute to the Report of the Royal Commission on Taxation on Profits and Income, in paragraphs 45, 49, 53 and 55, has suggested that there ought to be a capital gains tax in a developing economy, and I think it can be extended particularly to a country which is in the early stages of development. It is most important that it should be extended to our country because the development that we envisage today is basically different from that the United States of America achieved in the early years of the nineteenth century. In the early years of the nineteenth century, rail-road construction was entrusted to promoters who were given land free. The promoters constructed the railway track and when land appreciated in value, they sold it for gain; thus 'external economies' accruing from investment were capitalised for the individual's benefit. In the India of the future we cannot allow such capital gains to go to any particular section of the community and therefore we should choose a method to find out how far we can obtain a proportion of the capital gains. In my judgment, the important thing to remember is creation of wealth. The creation of wealth is important if we are to have a proper sharing of it. If we want this thing to be done properly, we should not go about in the manner in which we have done. What is important is, to obtain the fruits of wealth, but before we do it, let us make sure that wealth is there; the

manner of distribution of wealth would then be a relatively simple matter. I, therefore, want the Finance Minister to apply his mind to this question and find out whether as a result of this clause, which cannot be enforced—I refer to clause 331—any benefit will accrue to the community.

I pass on incidentally to the other question of the remuneration of managing agents. My hon. friend, Shri Asoka Mehta, for whose learning and industry I have some respect, quoted certain figures from books on U.S.A., Yugoslavia, and I suppose on Rumania also—I am not sure of all the countries into whose economies he has made research. My hon. friend pointed out that there were instances which were brought by the Bombay Shareholders' Association before the Joint Committee on Company Law of rates of managerial remuneration being about 2½ to 3 per cent. or even less. I do not propose to go into this ballyhoo at length, but I should like to make an observation, which I hope is pertinent. When we want to judge the amount of remuneration that is to be paid for managerial services, we have to take into account the economic development of the country. In the early stages of the development of the United States of America, what was paid is phenomenally high according to modern standards. According to Crum and Gardiner Means, the rate of profit was 25 to 30 per cent. Two and a half to three per cent. today is sufficient when society has advanced and when there is a large quantum of business income which tends to increase with the size of the business and the size of operations.

I will now refer to the recommendation which has been made by the Joint Committee. On grounds of social justice it may be proper to have the managing agent's remuneration fixed at 10 per cent. or thereabouts. What I would like to say is that that is a fair amount. A new proposal has been brought forward by some of my hon. friends to the effect that there ought to be a sliding scale of payments for managing agents. I want my friends to consider this question without passion and prejudice. Let us just imagine what the implications of this proposal would be. Politically, it might be a desirable compromise, but from the point of view of the resources which the State will lose, this reform is not going to help us in the least. One should always make a distinction between the post-tax income of the managing agent and the gross income of the managing agent before tax is paid. All the discussions that have taken place in this House have apparently neglected that fact. In this company law we have thought it fit to introduce reforms which pertain to income-tax law. It is unfortunate that we should not have taken into account all these factors and found out that when we are legislating for a company form of management, we have to think of how management will promote development as quickly as possible. By all means, let us get rid of evils that infest the managing agency system. By all means let us get rid of those who are functionless in certain sectors of our economy, but at the same time, let us bear in mind that corporate enterprise or the company structure is vital for the purpose of economic development, and if we choose to fetter it with needless restrictions, what will happen is that we will have no development whatsoever, that we will be talking all the while of development, but will not be able to achieve anything substantial. I want to ask hon. Members a straight question: is it part of our social policy to cut our nose to spite our face? That at any rate seems to be the objective underlying some of the provisions of this Bill. I am afraid I have talked with a certain degree of warmth on this Bill, but this is because I cannot be a slave to ideologies or sterile interpretations of socialism.

Mr. Deputy-Speaker: How does the hon. Member answer this? Why

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should there not be a sliding scale, as in practice there is a sliding scale now? Tatas are getting only 5 per cent. and even if there is an enormous amount it will largely depend upon the outturn or their turnover. Therefore even if it is one per cent. it will be pretty high.

Dr. Krishnaswami: Sir, I am greatly indebted to you for this interruption. It gives me an opportunity to elaborate this point.

You Sir, have pointed out that if it is one crore profit and there is 5 per cent. remuneration, it is quite enough. But I am suggesting that the very fact that you have got an 80 per cent. income-tax and super-tax itself will act automatically to prevent such people from drawing the maximum remuneration. If you fix it by law what might happen is that in many cases you will make it rigid without advancing the social objective that we have in mind. That is one answer.

The other answer is that, so far as any sliding scale is concerned, it must be determind according to certain administrative criteria. What is the social policy that you are promoting by putting a sliding scale? I cannot see any reason for that. It is no use saying.....

Mr. Deputy-Speaker: The balance may be ploughed back. Whatever is saved, if it is a saving on dividend and various other things, is to be ploughed back.

Dr. Krishnaswami: That is related to our financial policy. We know, for instance, that since tax rates are high, much of the business income is already being ploughed back. Already the income-tax and super-tax is so high that people are trying to plough back profits in enterprises.

Mr. Deputy-Speaker: High taxation does not mean that it is ploughed back into the industry.

Dr. Krishnaswami: I shall show in a moment how it is. If, for instance, a managing agent has to pay a high income-tax and super-tax, not much will be left in his pocket; therefore, he puts it back into the enterprise. The very fact of the tax structure, being so high is an inducement to plough back profits into enterprises.

The greatest amount of internal expansion has come in precisely in those countries where the income-tax and super-tax has been pretty high. Indeed it is on this matter that Mr. Kaldor and others have devoted considerable attention to find out whether there is any rational justification for distinguishing between distributed and undistributed profits. I am only mentioning that there are already so many automatic methods of controlling the amount that will be taken by the managing agent. Why impose a rigid rule? It may be that from a purely political point of view we might agree, but let us realise that the compromise that we agreed to may not be the most suitable in the circumstances.

I have nothing to say on this matter except that I feel in all these things we must also take into account the different laws that we have passed. Some of my friends have talked of company law in isolation, have quoted precedents without understanding their implications and have attempted to suggest that things ought to be done in a particular way. They have left out of account altogether the income-tax law, the super-tax and other measures which have to be taken into account. After all an individual knows the amount that finally goes into his pocket. Why not give him the credit for understanding this and acting rationally. That is my answer and I am placing these before you and the House for consideration. I am saying that we will not be advancing ourselves by

putting a sliding scale, because the whole thing is being achieved by a higher rate of taxation.

As regards managing agencies which can be dispensed with, as I said, if they are functionless, they can be dispensed with immediately. In the case of many of our textile mills this can be achieved. We are putting restrictions on the number of new mills that can be started, with the result that there would be a large rise in profits of existing mills, little effort would be required to make them run profitably. Therefore, we might declare in a particular area, that textile mills should not be operated by the managing agency system hereafter. But each industry must be considered on its merits. My appeal to the Government is that in approaching this question, they should approach it not from the point of view of prejudice, or be bludgeoned into a course of action by their militant supporters which they will eventually regret and which might also cost the country dear.

Mr. Deputy-Speaker: Shri Somani. Or, if he would come next, I would prefer to call Pandit Thakur Das Bhargava. I want to go at three o' clock; so Shri Somani will be called afterwards.

Shri K. K. Basu: How can the Chair's eye be fixed in advance—you said you would call Shri Somani.

Mr. Deputy-Speaker: That only shows that I want to give opportunity to all sections.

पंडित ठाकुर दास भार्गव : मैं ने श्री साधन गुप्त साहब और श्री अशोक मेहता साहब की तकरीरें सुनीं और बहुत से हवालाजात जो उन्होंने दिये उन को भी बड़ गौर से सुना । जो कुछ बातें वह हाउस में कहते हैं वह मैं हमेशा बहुत गौर से सुनता हूं क्योंकि जहां तक उन की बातों का सवाल है और उन की काबिलियत का सवाल है, मैं उन की बड़ी इज्जत करता हूं । लेकिन मैं उन को सुन कर एक तरह से हैरान हो गया । आज हिन्दुस्तान की जो हालत है उस की रिअलिटम उन के पास नहीं फटकी। जो कुछ उन्होंने फरमाया वह सारे का सारा डाक्ट्रनेअर और थ्योरेटिकल था । क्या आज कोई शख्स अपनी छाती पर हाथ रख कर कह सकता है कि फौरन इस हिन्दुस्तान से मैनेजिंग एजेन्सी सिस्टम को निकाल दिया जाय ? आज सीधा सवाल यह है ।

इस में कोई शक नहीं है कि पिछली लड़ाई के बाद से मैनेजिंग एजेन्सी के बरखिलाफ बड़ी सख्त प्रेजुडिस कंट्री में हैं, लेकिन मैं जानता हूं कि कितनी ही ऐसी चीजें हैं जिन के अन्दर लड़ाई के दौरान में खतब से खराब बातें हुई हैं । बड़े बड़े अंग्रेज अफसर, आई० सी० एस० अफसर, मिलिटरी अफसर इस देश के अन्दर थे, जिन्होंने बड़े जोर शोर से ज्यादतियां कीं, उन में से बहुतों ने लड़ाई के जमाने में रिश्वतें खाईं । लोग समझने लगे कि दुनियां बदल गई है, लड़ाई के जमाने में वह अंग्रेज इतने नीचे आये कि कोई यकीन नहीं कर सकता था इतना करप्शन अंग्रेजों के अन्दर आ सकता है जो कि इतनी महान कौम हैं, जिनका पिछला रेकार्ड इतना जबर्दस्त है । इसी तरह से मैनेजिंग एजेंसी वालों में भी खराबियां हैं, लेकिन सिर्फ इस वजह से कि कुछ मैनेजिंग एजेन्ट्स ने बदमाशियां कीं, हमारे इन्टरेस्ट के खिलाफ काम किया है, सब को खत्म कर दिया जाय ? मैं चाहता हूं कि आप इस मामले को जरा गौर से देखें । अगर एक मानसिंह को एक करोड़ रुपया लगा कर भी गवर्नमेंट कैद नहीं कर सकी तो क्या सारी गवर्नमेन्ट को डिसमिस कर दिया जाय?

पंडित के० सी० शर्मा (जिला मेरठ दक्षिण) : अंग्रेज तो भाग गये ।

पंडित ठाकुर दास भार्गव : मैं अंग्रेजों के भाग जाने के बाद की बात कहता हूं । जो चीजें अंग्रेजों ने नहीं कीं, जिन बातों को, ब्यूरोक्रेसी नहीं कर सकती थी, उन को हमारी गवर्नमेन्ट ने कर के दिखा दिया । अंग्रेजों के जमाने में भी यह सारी की सारी खराबियां मैनेजिंग एजेन्ट्स में थीं, क्या कोई कह सकता है कि उन के जमाने में

[पंडित ठाकुर दास भार्गव]

यह सारी की सारी खराबियां नहीं थीं ? क्यों उन को यह नहीं सूझा कि हर एक मैनेजिंग एजेन्सी के वास्ते ऐसी शर्तें लगादी जायें जब तक कि गवर्नमेन्ट आरीवट्रेरीली उन के बारे में एपरूवल न कर दे वह मुकर्रर नहीं हो सकते । आप कह सकते हैं कि अंगूजों की हिम्मत नहीं हुई । लेकिन जो ब्यूरोक्रेसी होती है उस से ज्यादा सख्त काम डिमाक्रेसी कर सकती है । जो काम डिमाक्रेसी कर सकती है वह किसी तरह से ब्यूरोक्रेसी नहीं कर सकती है । जितना डिमाक्रेसी सरव कर सकती है हमारे हकूक को उतना कोई ब्यूरोक्रेसी नहीं कर सकती ।

मैं अर्ज करना चाहता हूं कि सारे सेक्शन २२५ को देख कर मुझे शक नहीं रहा कि हम सारे कान्स्टिट्यूशनल राइट्स के ऊपर जो हम ने फंडामेन्टल राइट्स रक्खे थे, उन सब पर कुठाराघात करने जा रहे हैं और मैनेजिंग एजेन्सीज के साथ इन्साफ नहीं हो रहा है । मैं मैनेजिंग एजेन्ट्स का वकील नहीं हूं, मैं हिन्दुस्तान के लेबरर्स का लीडर भी नहीं हूं, मैं तो एक सीधा सादा छोटा सा गांव का, या शहर का समझ लीजिये, रहने वाला हूं, और उस के नुक्ते नजर से इस सारे एक्ट को देखते हुए. बड़ी बड़ी डाक्ट्रिन्स के हिसाब से नहीं, मैं अदब से अर्ज करना चाहता हूं कि मुझे यह बतलाया जाय कि भले ही आज मैनेजिंग एजेन्सी में खराबियां हों, लेकिन सन् १९६० के अन्दर अगर एक मैनेजिंग एजेन्ट यह कहे कि साहब, मैं ने आप के जो सारे कवायद थे उस पर अमल किया है, हमारी जो आमदनी भी रही हो, २४ परसेन्ट, १४ परसेन्ट, लेकिन अब मैं ने कबूल कर लिया है कि मैं १० फीसदी से ज्यादा नहीं लूंगा । जितने हमारे अख्त्यारात थे आप ने खत्म कर दिये, हम परवाज करने के काबिल नहीं हैं, उस तोते की तरह से जो कि पिंजरे में बन्द रक्खा जाता है, आप ने हमारे पर कैंच कर दिये हैं । अगर कोई शख्स चाहे या दो डायरेक्टर चाहें, एक मामूली मीटिंग बुलाकर वे वह कहें कि तुम ने फ्राड किया है, तुम ने ब्रीच आफ ट्रस्ट किया है, तुम निकाल दिये जाते हो । गास मिसमैनेजमेंट में कोर्ट हटा सकती है, दो डायरेक्टर हटा सकते हैं और साथ ही एक मामूली से मामूली शेयरहोल्डर भी अगर चाहे तो उसके ऊपर झगड़ा कर सकता है । ऐसी सूरत में मैं अदब से पूछना चाहता हूं कि ऐसे मैनेजिंग एजेंट के पास जिस के पास कोई अख्तियार नहीं हैं, हमारे फाइनेन्स मिनिस्टर के अल्फाज में जिस के दांत निकाल दिए गए हैं जिस के क्लाज ब्लन्ट कर दिए गए हैं ऐसे इन्नोसेंट मैनेजिंग एजेंट के पास क्या चीज बाकी है कि जिस के वास्ते आप कहते हैं कि यह सारे के सारे मेम्बर आफ दी क्रिमिनल ट्राइब हैं । जनाबवाला आप को याद होगा कि इस हाउस में कुछ अर्सा हुआ एक बिल आया था और वह पास भी हो गया था जिस में यह कहा गया था कि क्रिमिनल ट्राइब्ज के बारे में जो एक्ट हैं उसको रिपील कर दिया जाए और वह रिपील भी कर दिया गया था और वह क्रिमिनल ट्राइब्ज अब खत्म भी हो चुके हैं । अब यह जो दूसरे क्रिमिनल ट्राइब्ज हैं और जिन को (मैनेजिंग एजन्सी) यह नाम दिया गया है मैं पूछना चाहता हूं कि क्या उन में से सारे के सारे ही बेईमान हैं और सिवाय बेईमानी के वे क्या और कुछ काम करते ही नहीं हैं और न इसके सिवाय उन के पास और कोई दूसरा काम ही है ? इस वास्ते मैं ने एमेंडमेंट दी हैं और सब से पहले मैं उसके बारे में कुछ कहना चाहता हूं । मैं ने उस एमेंडमेंट में कहा है कि अगर कोई शख्स गवर्नमेंट की खिदमत में अर्ज करे १९६० में कि मैं ने आप के सारे के सारे क्वानीन माने हैं, मैं ने आप की हिदायतों पर बड़ी अच्छी तरह से अमल किया है, मैं ने अपने काम से और अपने बिहेवियर से आपको तसल्ली दी है और इस के साथ ही साथ गवर्नमेंट कहती है कि हां तुम सच कहते हो, तुम ने ठीक हमारी हिदायतों पर अमल किया है, सारी जितनी खराबियां थीं वह निकाल दी हैं, तब भी जनाबवाला १९६० में उसको हुक्म दिया जाएगा कि उसको कोई अख्तियार नहीं है कि वह आगे

के लिए रह सके और उसको खत्म कर दिया जाए। इसके बाद वह मैनेजिंग एजेंट एक दरख्वास्त के साथ, मुंह में घास लेकर गवर्नमेंट के सामने आए और कहे कि मेहरबानी करके मेरा तकर्रर बरकरार कर दीजिये, यह कितनी गलत बात है। मैं अदब से पूछना चाहता हूं कि यह कौन सा लॉजिक है और यह कहां का इन्साफ है कि जिस के अन्दर गवर्नमेंट के कहने के मुताबिक जिस शख्स ने अमल किया है और गवर्नमेंट के कानून के मुताबिक वह चला है और हर तरह से उसने अच्छा काम किया है वह दुबारा गवर्नमेंट के पास आकर वह कहे कि मुझे रहने दिया जाए और गवर्नमेंट उसे कहे कि नहीं १९६० में तुम फिर मेरे दरबार में आओ और हम देखेंगे कि क्या हालत है। मुझे तो यह रिवोल्टिंग मालूम होता है। यह जो प्रोविजंज हैं इन के मुताबिक तो एक दिन आएगा, एक तारीख आएगी जिस दिन सारे हिन्दुस्तान भर में यह जो मैनेजिंग एजन्सी का ऑक्युपेशन है, यह जो बिजनेस है इस को खत्म कर दिया जाएगा। यह जो प्राविजंज हैं यह हमारी जो कांस्टीट्यूशन की दफा १९(जी) है जिस में कि यह लिखा है कि गवर्नमेंट सिर्फ प्रोफेशनल और टेक्नीकल बातों के वास्ते कुछ रीस्ट्रिक्शंस लगा सकती हैं। उसके खिलाफ हैं जो अब रीस्ट्रिक्शंस लगाई जा रही हैं में तो इन को अनरीजनेबल रीस्ट्रिक्शंस समझता हूं और मेरा ख्याल है कि जिस दिन यह चीज सुप्रीम कोर्ट में जाएगी यह एक दिन भी कायम नहीं रह सकेगी।

इस के आगे जनाबेवाला मैं ने २२३ के वास्ते एक एमेंडमेंट दी है कि उन एसी कम्पनियों को यह एप्लाई न करें जो गवर्नमेंट की राय में या गवर्नमेंट की फाइंडिंगज के मुताबिक या मैनेजिंग एजेंटों की डिमांड पर इन्क्वायरी के बाद यह साबित हो जाए कि वह उन प्रोविजंज को कानफार्म करते हैं और सारी कानून के अनुसार आप्टिमम कंडिशंज वहां पर मौजूद हैं, उस सूरत में गवर्नमेंट को यह अख्तियार नहीं होगा कि उसको बुलाकर, जहां तक उसका ताल्लुक है उसको हाथ लगा सके।

जनाबेवाला इसके अलावा मैं ने एक एमेंडमेंट क्लाज २२५ पर भी दी हैं और उसके बारे में मैं अदब से अर्ज करना चाहता हूं कि इस क्लाज में जो यह दर्ज है कि गवर्नमेंट उसको एप्रूव करें, मैं इसकी सख्त मुखालिफत करता हूं। मैं यह समझ सकता हूं कि गवर्नमेंट को यह अख्तियार दिया जाए कि अगर कोई निकम्मा आदमी है और जो उस की खिलाफवर्जी करता है उसके खिलाफ तो एक्शन लिया जाए और गवर्नमेंट उसको डिसएप्रूव कर दें। लेकिन एप्रूवल का बैरोमीटर मुझे देखना अभी बाकी है। किस तरह गवर्नमेंट यह मालूम करेगी कि फलां आदमी अच्छा है और फलां आदमी खराब है। आप यह कह सकते हैं कि यह बात तजुर्बे से साबित होगी लेकिन वह तजुर्बा अभी हुआ नहीं है। नए आदमी तो खत्म हुए। एक आदमी जो निहायत अच्छा है, जिस को सारे शेयरहोल्डर पसन्द करते हैं, पब्लिक पसन्द करती है वह एक डेंटी सेक्रेटरी की राय में मुनासिब आदमी अगर नहीं है तो मैं पूछता हूं कि इसका क्या नतीजा होगा। मैं तो कहता हूं कि पब्लिक सर्विस कमिशन ने भी कुछ क्राइटीरिया नॉकर रखने के लिए रखा है लेकिन इस के अन्दर तो कोई भी क्राइटीरियन नहीं रखा गया है। यह तो आर्बिट्रेरी पावर्ज हैं। आप यहां पर कोई क्वालिफिकेशन रख दीजिये कि वह ६ फुट का आदमी होना चाहिये, उसके चेहरे से नूर चमकता हो या इसी तरह की दूसरी क्वालिफिकेशंस वह पूरी करता हो और अगर वह यह सारी बातों को पूरा करे तभी आप उसको रखें। आप यहां पर कह सकते हैं कि अगर वह कनविक्टिड आदमी है या अगर वह इनसालवेंट है उसको न रखा जाए। इस के अलावा उसको रखने के बाद आप ने एक और सख्ती रख दी है कि कोई आदमी एप्रूव भी हो जाए तो भी उसके बाद उसको हटाया जा सकेगा। क्यों साहब क्या मैं आप से बड़े अदब के साथ पूछ सकता हूं कि जब आप की एप्रूवल से आपके उसी बैरोमीटर के मुताबिक जो कि आप ने बनाया है उस को रख लिया जाता है तो फिर आगे जो मिसमैनेजमेंट वगैरह की जो बातें रखी गई हैं इनकी क्या जरूरत है।

[पंडित ठाकुर दास भार्गव]

१९५१ में जब यह बिल आया था जिस के बारे में एक ऑनरेबल मेम्बर ने कहा था और खुद फाइनेंस मिनिस्टर ने पिछली दफा फरमाया था कि absolute power corrupts. गवर्नमेंट को यह पावर देना गवर्नमेंट को कॉरप्ट करने के बराबर हैं । मैं चाहता हूं कि गवर्नमेंट को खुद भी यह पावर्स नहीं लेनी चाहियें और न ही हमें यह पावर्ज गवर्नमेंट को देनी चाहियें। जो जायज पावर्ज हैं उन को देने में किसी को एतराज नहीं हो सकता और वह पावर्ज गवर्नमेंट को मिलनी ही चाहियें । यह बात बिल्कुल नाजायज हैं कि कोई शख्स कांट्रेक्ट न करें मैनेजिंग एजेंट जब तक जैनरल मीटिंग में पास न हो कोई शख्स अपनी तनख्वाह के १० फीसदी ग्रॉफिटस से ज्यादा का कांट्रेक्ट नहीं कर सकता, अगर कोई कमिशन ले, अगर वह किसी और तरह का काम करें तो रुपया कम्पनी को ही जाता हैं । मैं अदब से कहना चाहता हूं कि मैनेजिंग एजेंटों की पावर्ज को डिफाइन कर दिया जाए कि उसकी इतनी पावर्ज होंगी । मैं कहता हूं जो रीजनेबल बात हैं उसको तो आपको मानना ही चाहिये । मैनेजिंग एजेंट की जो पोजीशन होती हैं वह आप को मालूम ही हैं । यह बात ठीक हैं कि वह एक कम्पनी को बना सकता हैं और उसको खत्म भी कर सकता हैं He can make or mar a Company. वह सारा रुपया खा सकता हैं, वह रुपया लगा भी सकता हैं, अपने रिश्तेदारों को नौकर रख सकता हैं और इन सब चीजों को दूर करने के लिए अगर कोई कानून बनेगा और उस पर उससे अमल करवाने की कोशिश की जाएगी तो कोई भी किसी किस्म की खराबी नहीं कर सकेगा । यह जो कानून बनाया जा रहा हैं वह इन खराबियों को दूर करने के लिए ही बनाया जा रहा हैं । लेकिन मेरी गुजारिश यह हैं कि इस को इतना सख्त न बनाया जाए कि उसको सांस लेने की भी इजाजत न हो । उसको हवा के अन्दर सांस तो लेने ही दिया जाना चाहिये । थोड़ा अर्सा हुआ फैडरेशन आफ इंडियन चैम्बर आफ कामर्स एंड इंडस्ट्री में तकरीर करते हुए पंडित नेहरू ने कहा था कि यह जो प्राइवेट सैक्टर हैं यह सारे का सारा पब्लिक सैक्टर के जो उसूल हैं हम चाहते हैं कि वह उन पर अमल करें । यह बात बिल्कुल सही हैं । हम इस को मानते हैं । इस के साथ ही साथ उन्होंने यह भी फरमाया कि इस सैक्टर के अन्दर इनको मूव करने की पूरी फ्रीडम दी जानी चाहिये । इस को सांस लेने की इजाजत होनी चाहिये। मुझे तो ऐसा मालूम पड़ता हैं कि कई लोग यह चाहते हैं कि इस को सांस भी लेने की इजाजत नहीं होनी चाहिये । कोई भी सैल्फ रेस्पेक्टिंग आदमी अगर इन शर्तों के साथ काम करेगा तो उसको गफिल ही होगा । जनाबवाला, मैं पूछना चाहता हूं कि ऐसा आदमी जिस की सर्विस का टैन्योर बिल्कुल ही अनसरटेन हो, जिस को पता नहीं कि उसका क्या बनेगा, दो डायरेक्टर कम्पनी के हुए, एक जनरल मीटिंग बुलाई और कहा कि फ्राड किया हैं, और कहा कि इस ने ब्रीच आफ ट्रस्ट किया हैं, कोई सबूत नहीं हैं, यह भी पता नहीं हैं कि ब्रीच आफ ट्रस्ट किया हैं, किसी अदालत से क्या वह हुक्म लायेंगे, क्या करेंगे क्या नहीं करेंगे इस के बारे में कुछ भी पता नहीं हैं । मैं अदब से प्रार्थना करता हूं कि आप वह २२६ सैक्शन मुलाहिजा फरमायें जो फ्राड के बारे में हैं । जनाब वाला, वह सैक्शन इतना ड्रास्टिक हैं जो कि कहीं देखने में नहीं आया हैं । वह इस तरह हैं :

> "A company in general meeting may, ordinary resolution, remove its managing agent from office—
>
> (i) for fraud or breach of trust in relation to the affairs of the company or of any subsidiary or holding company thereof, whether committed before or after the commencement of this Act, . . "

Again,—

> "(iii) subject to the provisions of sections 339 and 340, where the managing agent is a firm or body corporate, if any partner in the firm, or any director of, or any officer holding a general power of attorney from, the body corporate is guilty of any such

fraud or breach of trust as is referred to in clause (i)."

फिर, जनाब, आगे देखिए।

"A company in general meeting may, by special resolution, remove its managing agent from office for gross negligence in, or for gross mismanagement of the affairs of the company or of any subsidiary thereof."

Then again,

"Without prejudice to any other provision contained in this Act or in the articles of the company for the calling of meetings, any two directors of the company may call a general meeting of the company for the purpose of considering any resolution of the nature referred to in section 336 or 337."

जनाब वाला, मैनेजिंग एजेंसी कम्पनीज और दीगर कम्पनीज के मैनेजमेंट में एक बेसिक फर्क होता है और वह फर्क यह है कि मैनेजिंग एजेन्सी कम्पनीज में मैनेजिंग एजेन्ट का और उसके रिश्तेदारों का रुपया लगा होता है। उनकी तमाम रेपुटेशन स्टेक पर होती है। उन्हीं के सहारे वे जिन्दा रहते हैं। अगर ऐसी कम्पनी में आग लग जाय और उससे गवर्नमेंट के आफिसर्ज का ताल्लुक हो, तो वे आग बुझने के बाद ही वहां पहुंचेंगे, लेकिन मैनेजिंग एजेंट उसको बुझाने के लिए फौरन अपनी जान दे देगा। वहां पर एक ट्रेनिफाइड कंट्रोल होता है। वहां पर एक खूबी यह होती है कि अगर कोई अच्छा और काबिल आदमी मिलता है, तो उसकी तन्ख्वाह पचास रुपया बढ़ा कर उसको रख लिया जाता है। इसका नतीजा यह होता है कि काम ज्यादा होता है और अच्छा होता है और इसी लिए मैनेजिंग एजेन्सी कम्पनीज लोगों का ज्यादा फायदा करती हैं।

फाइनेन्स मिनिस्टर साहब ने एक एमेंडमेंट रख रखी है कि अगर कोई किसी मैनेजर की तन्ख्वाह दस बीस रुपए बढ़ाना चाहे, तो वह सेंट्रल गवर्नमेंट की इजाजत के बगैर ऐसा नहीं कर सकेगा। आखिर इस तरह वे कम्पनियां कैसे चलेंगी ? इस तरह तो उनका चलना निहायत मुश्किल हो जायगा। हमारी गवर्नमेंट अगले पांच-साला प्लान में ७४० करोड़ रुपया इंडस्ट्रीज पर लगा रही है।

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): The definition of "manager" is: "one who is substantially in the management of". He will be in the same position as managing agent and therefore....

पंडित ठाकुर दास भार्गव : जनाब चेयरमैन, "मैनेजर" की जो तारीफ दी गई है, उससे मैं वाकिफ हूं। यह ठीक है कि मैनेजर भी मैनेजिंग एजेन्ट की तरह ही "सब्स्टैन्शियली इन-चार्ज आफ मैनेजमेंट" हैं। अगर उसकी तन्ख्वाह अच्छे काम की वजह से बढ़ाई जाती है, तो सेंट्रल गवर्नमेंट की इजाजत लेना जरूरी है—उसकी इजाजत के बिना उसकी तन्ख्वाह नहीं बढ़ाई जा सकती है। मेरी समझ में नहीं आता कि इस तरीके से कम्पनियां कैसे चलेंगी ? इस तरह से वे नहीं चल सकेंगी। आप मुल्क में इतनी बड़ी स्केल पर इंडस्ट्रियलाइजेशन करना चाहते हैं। आप एक फसल उगाने जा रहे हैं। तो क्या आप रोज पौदों को उखाड़कर देखा करेंगे कि वह फसल कितनी उगी है। इस तरह तो काम नहीं चलेगा। आप उन लोगों को कुछ फ्रीडम दीजिए। जनरल डिस्कशन के मौके पर फाइनेन्स मिनिस्टर साहब की स्पीच सुन कर मैं बहुत खुश हुआ था। उस स्पीच में उन्होंने चन्द एक बहुत बढ़िया बातें कहीं थीं और मुझे यकीन हो गया था कि उन्होंने देश के हित में बहुत सही सही बातें हमारे सामने रखी हैं। मसलन उन्होंने फरमाया कि मैनेजिंग एजेन्सी सिस्टम में जितनी खराबियां हैं, मैं उनको खत्म कर देना चाहता हूं, लेकिन साथ ही मैं यह नहीं चाहता कि मैनेजिंग एजेन्सी सिस्टम को खत्म कर दिया जाय। उन्होंने कहा कि ये जितनी खराबियां हैं, अगर कोई और किस्म का मैनेजमेंट होता, तो उसमें भी ये हो सकती थीं, इसलिए इन

[पंडित ठाकुर दास भार्गव]

खराबियों को जरूरत से ज्यादा अहमियत न दी जाय । उन्होंने यह भी बताया कि इन मैनेजिंग एजेन्सीज ने देश की भलाई के लिए इतना काम किया है । इसके बाद उन्होंने फरमाया कि मैं यह कहने के लिए तैयार नहीं हूं कि अगर ये कम्पनियां अच्छी तरह भी काम करेंगी तो भी उनको एबालिश कर दिया जायेगा। उनकी यही बात मेरे कुछ लायक दोस्तों के लिए दुख का कारण हो रही है । मैं अर्ज करना चाहता हूं कि इस में प्रेजुडिस की कोई बात नहीं है । अगर मैनेजिंग एजेन्सीज देश के लिए खराब हैं, तो उनको फौरन खत्म कर दिया जाय । लेकिन जरा इस बात का ख्याल कीजिए कि आप अगले पांच-साला प्लान में इंडस्ट्रीज के लिए इतना रुपया खर्च करने जा रहे हैं । आप को तो ऐसा इन्तजाम करना चाहिए था कि नई नई कम्पनियां बनतीं और हमारे मुल्क के इंडस्ट्रियलाइजेशन में मदद करतीं । जब पूरा इंडस्ट्रियलाइजेशन हो जाता, तब आप सोचते कि किस तरह से इसको प्रून (prune) किया जाय । लेकिन इस वक्त जो कुछ आप कर रहे हैं, उसकी बुनियाद एक बिल्कुल गलत ख्याल है---एक तंग-ख्याली है । आप एक ऐसा ला बना रहे हैं, जिसकी वजह से हर एक मैनेजिंग एजेन्ट बिल्कुल अनसरटेन हो गया है । वह सोचता है कि १९६० में, अगर उसके पहले नहीं तो, उसका कत्ल-कमा हो जायगा । नतीजा यह है कि इतनी कनफ्यूजन और अनसरटेन्टी पैदा हो गई है, जो कि बहुत नामुनासिब है । आपके कहने के मुताबिक भी जो अच्छी बातें हैं, उनको खत्म करने और निकालने का क्या मतलब है, यह मेरी समझ में नहीं आया है ।

गवर्नमेंट ने अपने हाथ में एक और ताकत ले ली है । अगर मैनेजिंग एजेन्सी के कान्स्टीट्यूशन में कोई फर्क आ जाय, कोई पार्टनर निकल जाय, कोई मर जाय, कुछ हिस्से मुन्तकिल कर दिए जायें, तो वह मैनेजिंग एजेन्सी खत्म हो जायेगी । अगर किसी कम्पनी के दस बीस हिस्सेदार हैं । उनमें से अगर किसी ने पांच हिस्से मुन्तकिल कर दिए, तो वह मैनेजिंग एजेन्सी खत्म हो जायेगी। क्या यह कोई तरीका है काम करने का ? गवर्नमेंट की जो पार्ट (बी) की एमेंडमेंट है, उसमें मैं ने यह लिखा है कि अगर उस कांस्टीट्यूशन में चेंज होने से कम्पनी के मफाद पर खराब असर पड़ता हो, तो वह कम्पनी खत्म कर दी जाय । यह ठीक है कि अगर कोई बड़ा भारी काम करने वाला शख्स अलग हो जाय, तो कहा जा सकता है कि कम्पनी का काम नहीं चलेगा, लेकिन अगर कोई दस बीस हिस्से बेच दे और आप कहें कि काम नहीं चलेगा, तो इस तरह पब्लिक लाइफ और प्राईवेट लाइफ में बड़ा कनफ्यूजन पैदा हो जायेगा। सन् १९५१ में जो ऐक्ट पास किया गया था, वह चन्द साल के लिए था । मैं ने उस वक्त भी उसकी मुखालफत की थी । मैं अब फिर अर्ज करना चाहता हूं कि सन् १९५१ से ले कर अब तक गवर्नमेंट ने उस ऐक्ट की पावर्ज एक्सरसाइज कर ली हैं और उस के बाद अगर गवर्नमेंट इस नतीजे पर पहुंचती है कि मैनेजिंग एजन्सी की वजह से जैसा कि आनरेबल फाइनेन्स मिनिस्टर साहब ने बताया है, कैपिटल दुगना तिगुना हो गया है और इन चन्द सालों में ही कम्पनी फार्मेशन तेरह हजार से उन्तीस हजार हो गया है, तो फिर यह कहना कि इसको खत्म कर दिया जाय, जायज और दरुस्त नहीं है ।

इस सिलसिले में मैं ने जो अमेंडमेंट्स दी हैं, उनके बारे में मैं दो तीन बातें अर्ज करना चाहता हूं ।

एक एमेंडमेंट में मैं ने यह दी है कि जब तक मैनेजिंग एजेन्ट पर मार्शल टर्पिच्यूड का इल्जाम साबित न हो जाय, तब तक उसको न हटाया जाय । मैं ने २२६ और २२७ में यह तरमीम पेश की है कि अगर किसी मैनेजिंग एजेन्ट पर यह इल्जाम हो कि उसने ब्रीच आफ ट्रस्ट किया है या फ्राड किया है, तो जब तक कोर्ट तहकीकात के बाद उस एलीगेशन को दरुस्त न समझ ले, तब तक उसको न हटाया जाय ।

यह प्राविजन रखना भी मुनासिब नहीं होगा कि जेनरल मीटिंग में इस बात का फैसला कर दिया जाय कि किसी मैनेजिंग एजेन्ट ने गुड नेग्लीजेंस किया हैं। उसका अपना रुपया लगा हुआ होता हैं, उसके रिश्तेदारों का रुपया लगा होता हैं, इस लिए वह गुड नेग्लीजेंस या मिस-मैनेजमेंट नहीं करेगा। लेकिन अगर यह साबित हो जाय, तो उसको जरूर निकाल दिया जाय। लेकिन यह वाजिब नहीं होगा कि महज एक रेजोल्यूशन पास कर के उसको कह दिया जाय कि तुम अपने घर बैठो।

इसके बाद रेम्युनरेशन का सैक्शन आता हैं। मैं यह नहीं कहता कि दस फीसदी रीम्युनरेशन कम हैं, लेकिन जनाब वाला, जैसा कि मेरे दोस्त टी० कृष्णस्वामी ने फरमाया हैं, एक करोड़ के ऊपर एक परसेंट और दस लाख के ऊपर पांच परसेंट, इन दोनों में रात और दिन का फर्क हैं। इसका असर क्या होगा ? मेरे दोस्त ने फरमाया कि इस तरह सरकार को ज्यादा नुकसान होगा, दूसरे को नहीं होगा। इसमें सरकार का सवाल नहीं हैं। इसमें तो देश का सवाल हैं। आप कहते हैं कि कान्सेन्ट्रेशन आफ वैल्थ नहीं करना हैं। यहां तो वही बात होगी कि "हिसाब ज्यों का त्यों और कुनबा डूबा क्यों ?" अगर एवेरेज से दिया जायेगा, तो बहुत से लोग तो ऐसे होंगे, जो पैम्पर्ड होंगे। गरीब कम्पनियों की एवेरेज ऐसी होगी कि वे दस परसेंट से काम नहीं चला सकेंगी। इसलिए इस तरह कोई एवेरेज नहीं निकाला जा सकता कि हर एक को दस परसेंट दे दिया जाय। इसको देखना चाहिए और जरूर कोई प्रोपोर्शन फिक्स कर देना चाहिए।

जहां दस परसेंट में प्राफिट न हो---जैसा कि दूसरे सैक्शन्ज में हम ने रखा था, जहां पर मैनेजिंग डायरेक्टर वगैरह का जिक्र था, जैसा कि सैक्शन १६७ में जिक्र था---तो सवाल आता हैं कि मैनेजिंग एजेन्ट को ज्यादा मुनाफा मिले। इसमें लिखा हुआ हैं कि शेयरहोल्डर्ज "मे" इत्यादि may etc: etc: । मुझे अभी ऐसे शेयरहोल्डर्स देखने हैं, जो ऐसी हालत में उसके साथ इन्साफ करेंगे। बहतर यह हैं कि ऐसी सूरत में आप लफ्ज "शैल" रख दें और आर्टिकल्ज आफ एसोसियेशन्ज और मेमोरेन्डम में यह लिख दें कि इस रेट और इस हिसाब से दिया जायेगा और कम से कम गवर्नमेंट को अख्तियार दिया जाय कि अगर प्राफिट काफी न हो, तो वह फैसला कर दें कि उसको क्या मिलना चाहिए। अगर डायरेक्टर्ज और मैनेजिंग एजेन्ट्स के बारे में इस तरह का कोई प्राविजन न रखा गया, तो कोई उनको पैसा न देगा। इसलिए मैं अर्ज करूंगा कि जब तक इस में अमेंडमेंट न किया जायेगा, तब तक काम ठीक तरह नहीं चलेगा। मैं ने चन्द एक और अमेंडमेंट दिये हैं लेकिन चूंकि मैं ने काफी वक्त ले लिया हैं इसलिए मैं उन पर नहीं बोलूंगा क्योंकि और लोगों को भी बोलना हैं। जनाब वाला मेरे उन अमेंडमेंट्स को पुट कर देंगे। मैं एक बात और कह के खत्म कर दूंगा।

3 P.M.

मेरी समझ में एक बात नहीं आयी। मैं बहुत अदब से अर्ज करूंगा कि फाइनेन्स मिनिस्टर साहब इसका जवाब दें। एक कहानी हैं शेर और लैम्ब की। एक जगह एक लैम्ब पानी पीता था। उधर से शेर आया।

उपाध्यक्ष महोदय : सब जानते हैं।

पंडित ठाकुर दास भार्गव : वही किस्सा बन रहा हैं। सारे मैनेजिंग एजेंट्स को सुधारने की तरकीब की जा रही हैं। हमने अभी नहीं देखा कि वह कैसे सुधरेंगे। लेकिन फिर वही सवाल आवेगा कि अगर तू ने कुसूर नहीं किया हैं तो तेरे बाप ने किया होगा और अगर तूने कुसूर नहीं किया हैं तो भी हमें तुझे खाना हैं। आपने इस एक्ट में सारी चीजें रख दी हैं। मैं भी चाहता हूं कि जो खराबियां हैं उनको निकाला जाय लेकिन मैं चाहता हूं कि आप उनकी फ्रीडम आफ एक्शन न ले लें। ऐसा न हो कि ऐसा करने से वह इस काम को ही छोड़ कर भाग जायं और देश का काम न करें। लेकिन फ्रीडम आफ एक्शन देते हुए इस तरह का स्टार चेम्बर मैथड इस्तेमाल न किया जाय कि जिसके अन्दर एक भला आदमी अपना काम फ्रीली न कर सके। जो रेप्यूटेशन वाले आदमी हैं उनको

[पंडित ठाकुर दास भार्गव]

शेयरहोल्डर पसन्द करते हैं। अगर वह लोग कोई कम्पनी जारी करते हैं तो उसके हिस्से धड़ाधड़ बिकते हैं। यह इसीलिए कि पब्लिक को उन पर भरोसा हैं। आपको क्या हक हैं कि उन्होंने जो कानफिडेंस पैदा किया हैं उसको आप खत्म कर दें। हम चाहते हैं और हमने अपने कांस्टीट्यूशन में भी रक्खा हैं कि हम कंसेंट्रेशन आफ वैल्थ नहीं होने देंगे। मैं अभी बम्बई गया था। वहां एक मेरे मिलने वाले हैं, मेरे एक दोस्त के रिश्तेदार हैं। उन्होंने कहा कि उनके एक रिश्तेदार के पास तीन करोड़ की जायदाद हैं। उनके ऊपर एस्टेट ड्यूटी कितनी लगेगी। मैं ने कहा कि तीन करोड़ पर ४० पर सेंट के करीब लगेगी। इस पर उन्होंने कहा कि अगर ४० पर सेंट ड्यूटी लगेगी तो इतना नकद रुपया तो उस सारी प्रापर्टी से भी नहीं निकलेगा और उस आदमी के वारसान पापर हो जायेंगे। तो हमने ऐसे कानून बना रखे हैं कि वैल्थ का कंसेंट्रेशन न होने पावे। अगर वह काफी नहीं हैं तो आप और रेट बढ़ाइये ताकि कंसेंट्रेशन आफ वैल्थ न होने पावे। लेकिन इस देश के इंडस्ट्रियलाइजेशन के साथ खेल मत खेलिये। देश की तरक्की इसी तरह से हो सकती हैं कि ऐसा सिस्टम चलता रहे कि जिसमें आदमी का सेल्फ इंटरेस्ट कायम रहे। उस तरह का सेल्फ इंटरेस्ट गवर्नमेंट के अफसरों को नहीं हो सकता। जिसका सेल्फ इंटरेस्ट होगा वह जी तोड़ कर काम करेगा।

एक बात और मेरी समझ में नहीं आयी। गवर्नमेंट सेक्रेटरी और ट्रेजरर बनाना चाहती हैं। मैं पूछता हूं कि इनमें और मैनेजिंग एजेंट में क्या अन्तर हैं सिवा इसके कि एक मुनाफा ज्यादा लेता हैं। हमने मुनाफा भी २७ पर सेंट से ८ पर सेंट कर दिया हैं। मैं तो नहीं समझता कि इन में कोई फर्क हैं।

Shri M. C. Shah: That will come under the next group of clauses.

पंडित ठाकुर दास भार्गव : यह मैं भी जानता हूं। लेकिन मेरा आग्यूमेंट इसी ग्रुप के मुताल्लिक हैं।

Shri M. C. Shah: It will be for us to reply to those points later.

पंडित ठाकुर दास भार्गव : आप मेरे आग्यूमेंट को तो फालो कीजिये। वह इसी ग्रुप पर हैं। आप सेक्रेटरी और ट्रेजरर का जो आल्टरनेटिव बनाने जा रहे हैं वह कब अमल में आवेगा। सन् १९६० में तो आप मैनेजिंग एजन्सी को खत्म कर देंगे। मैं कहता हूं कि इस ट्रंकेटेड पावर वाले मैनेजिंग एजेंट और सेक्रेटरी या ट्रेजरर में क्या फर्क हैं। या तो आप साफ कहिये कि हम co-operative सिस्टम के लिए कुछ करना चाहते हैं, वर्ना तो मुझे इसमें कोई फर्क नहीं मालूम देता। अगर कोई एब्यूजेज करनी हैं तो दोनों ही कर सकते हैं। यह काम सारे देश की कम्पनियों का इतना बड़ा हैं कि गवर्नमेंट इसको नहीं कर सकती। मुझे जो डर लगता हैं वह यह कि कहीं इस एटेम्प्ट में गवर्नमेंट नाकामयाब न हो और इससे हमारे मुल्क का नुकसान हो जाय। मैं कोई मैनेजिंग एजेंट्स का दोस्त नहीं हूं। मुझे सिर्फ यही डर हैं कि मेरे देश के इंडस्ट्रियलाइजेशन को नुकसान न पहुंचे। मुझे डर हैं कि जो पालिसी आप चला रहे हैं उसे आप ठीक तरह से न चला पायेंगे। इसीलिए मैं चाहता हूं जो अमेंडमेंट मैं ने दिये हैं उन पर हाउस गौर करे।

Shri G. D. Somani: We have just heard a very brilliant exposition as to how we should look to the Bill in its proper perspective and what repercussions would follow if we have only a doctrinaire approach, to the various questions that confront us. Now, we are in the midst of discussion on the clauses about the managing agency system clause which are most important and at the same time most controversial. Before I say something about the amendments which I, with my friend Shri Tulsidas, have moved to the various clauses, I would like to make a few general observations on the

points made by certain friends, especially by my hon. friend Shri Asoka Mehta. The other day, while advocating the participation of workers in the boards of companies and today also, while advocating the abolition of the managing agency system, Shri Asoka Mehta took a point of view which is absolutely divorced from the realities and in which he did not care to bother at all what might be the repercussions and the practical point of view that might face the economic development of the country. The other day, Shri Asoka Mehta gave a grim warning to the business community about encroaching control of labour and how the role of the business community might be made redundant. I would only like to submit in this connection that while Shri Asoka Mehta and his friends might force the hands of the Government to remove the managing agency system—and it might also be possible that the business community may be deprived of the capital that it commands at present—I respectfully beg to submit that what they cannot take away from the business community is its talent and experience. I would like to submit that so long as the business community have got their talents and experience which are necessary for ensuring the functioning of any system, it does not matter whether it is the managing agency system or any other system, the predominant place which the business community occupies in the economic life of the country cannot be seriously challenged.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

With all my respect for the deep and wide knowledge of economic affairs which Shri Asoka Mehta has, I would like to submit that my friend would have to learn a lot in the practical fields and in the practical school of business before he can become a successful company manager.

Shri M. S. Gurupadaswamy: Please run a school for him.

Shri G. D. Somani: The school is wide open for anybody. There is no bar so far as any business or industrial development is concerned.

Mr. Chairman: Will he get the approval from the Central Government?

Shri K. K. Basu: Where is the school for the managing agents?

Shri G. D. Somani: It is wide open in the practical field of business. The hon. Finance Minister himself pointed out the other day that investors are not going to part with their money to the management of one whose experience or talents they may not be knowing. Therefore, it is all very well to minimise the constructive and important role that the business community plays, with all its talents and experience, in the economic system of the country, but the facts will have to be faced, and no amount of pressure tactics is going to dislodge the business community from the position which it occupies today.

We have been told about the concentration of power. Again and again, we have been told how a few families are occupying a place of advantage in the managing agency and how the managing agency today is prevalent in the majority of the joint stock enterprises. I do not quarrel with the facts which have been given. I know that today, leaving aside the banks and insurance companies, about 80 per cent. of the other joint-stock companies function under the system of managing agency. But that is an argument to show that we should go slowly when making dangerous experiments in the economic field, because the important role which the managing agency system plays at present in the functioning of the industrial concerns itself is a pointer to the danger which might arise in case any precipitate action is taken by the Government.

My hon. friend referred to the big profits of certain concerns compared to their capital. The hon. Finance Minister interrupted and pointed out how it was the conservative policy of the shareholders who allowed their profits to be ploughed back by the com-

[Shri G. D. Somani]

panies into expansion programmes which was responsible for companies with small capital making big profits. Therefore, it is misleading to compare the profits of these old companies, which have by a long process of conserving their resources gone into expansion programmes in spite of their small capital and made excellent profits. So far as these profits are concerned, I think it is friends like Shri Asoka Mehta who are enabling certain big companies to make huge profits. They would not allow any modernisation to take place; they would not allow the smaller units to function in a way which will enable them to compete with other companies. This enables certain big selected companies to make huge profits. If you allow modernisation and expansion and functioning of all companies under proper competition, then it will be possible that some small advantage which the bigger concerns enjoy at present will be eliminated, because greater the competition, less the chances will be for the bigger units to make large profits. So, if you look at it in the proper perspective, you will find that this is the policy which help some of the big companies to make big profits. But that is no argument to say that this concentration of big profits is in any way coming into the way of the community and that because a few concerns are making huge profits, the managing agency system as such may have anything to do with it. My point is that so far as the managing agency system is concerned, we should look at the problem in its proper perspective. What is the managing agency system after all? It is a system under which certain business organisations—it may be one family or a group of families functioning together—pool all their resources, talent and experience and make them available to the group of concerns which function under their management. What will be the alternative? Suppose, as the tendency of the House seems to be, you eliminate the managing agency system, naturally this would lead to the disintegration of that business organisation which is at present in control of the various concerns. The individuals as such are not going to go away anywhere. As I was pointing out earlier, their control of companies itself is a guarantee that they will continue to play their important role in the field of industrial development. If the managing agency system is eliminated, the community will be deprived of the benefit which it derives from this pool of resources, talent and experience. Disintegration will follow which will result in individual directors struggling to face the difficult task which is faced day by day by the various companies. I for one do not understand why, having put all these restrictions in the Bill, again and again a voice is raised for the abolition of managing agents and a fair opportunity is not given to the managing agency system to show its role in the next Five Year Plan. The Finance Minister himself gave a warning the other day while replying to the debate that the responsibility in future will now lie on the managing agency system itself to justify whether it will be allowed to continue or whether it will be abolished. Therefore, I do not understand why again and again hon. Members are advocating the abolition of this system, without caring to know the repercussions which it might have on the economic development of the country.

There are, of course, several facts and figures which can be given about the contribution which the system has made as a whole to the economic progress of the country. Everybody is aware of the huge contributions spreading well over a century which the managing agency system has made to the development of industries in this country. It is not necessary for me to go into the details of the positive achievements of the system during this long period. But I would appeal again and again that in our enthusiasm to do away with certain evils which have manifested themselves in a certain abnormal period, we should not completely ignore the

present moment when we are just on the threshold of a very ambitious programme of industrialisation of the country. That programme demands that everybody, every business organisation, should be able to offer its maximum contribution to the realisation of that task. In anything it does, it should not be made difficult for any organisation or individual to make its maximum contribution to the task that lies ahead. It is in that spirit of enabling everybody to contribute his best that I appeal that so far as this managing agency system is concerned, we can wait for 5 years at least and see what further role it can still play in this ambitious programme of industrialisation.

Coming to the facts and figures as given by the hon. Finance Minister in the note that was circulated, I would only like to draw his attention to certain figures which on their face look rather incorrect. In that paper that has been circulated, under head VI it is said, "loans guaranteed by managing agents amount to Rs. 7·7 crores." This note has been prepared on the basis of the financial particulars relating to managing agencies that managed 1720 companies in India in 1951-52. We have made certain enquiries from the members of the Bombay Millowners' Association and those enquiries were confined to the textile mills in Bombay city alone. According to the Bombay Millowners' Association, the amount guaranteed by the managing agents functioning in respect of Bombay mills alone in 1951 was Rs. 12.18 crores, in 1952 was Rs. 16.30 crores and in 1953 was Rs. 15.90 crores. If the figures of one industry functioning in a particular city alone show that the amount of loans guaranteed by the managing agents was Rs. 15.90 or Rs. 16 crores, I fail to understand how we are to reconcile ourselves to this figure of Rs. 7.7 crores given by the hon. Finance Minister as the loans guaranteed by managing agents of 1720 companies. So far as I can gather, I think the figure of Rs. 7.7 crores may even be the amount of loans guaranteed by even one leading business house in the country. There are quite a few of them who guarantee loans of similar amounts. Therefore, there seems to be something very seriously wrong with this figure, because, so far as my knowledge goes, almost all banks in the principal centres of the country insist on taking guarantees from the managing agents in any loans that they give to the managed companies of those concerns. That being so, this figure of Rs. 7.7 crores seems to be a ridiculously low figure. I should suggest that the entire amount shown as obtained from borrowings, Rs. 58.1 crores or most of it, say, Rs. 50 crores must have been guaranteed by the managing agents.

Shri K. K. Basu: On what basis is that suggested?

Shri G. D. Somani: The reason is, we have made enquiries.....

Shri K. K. Basu: In his evidence, the Chairman of the Federation could not give a definite figure.

Pandit K. C. Sharma: He says from his experience.

Mr. Chairman: That is his figure.

Shri K. K. Basu: How can he say that? In the evidence, the Chairman of the Federation was categorically put a question as to the percentage. He could not give. He said 3 or 4, etc.

Mr. Chairman: He has said that in one industry it is Rs. 16 crores.

Shri K. K. Basu: He says so. But, the Government have said here. How can we believe this when the Chairman of the Federation was not able to give a figure when specifically asked?

Pandit K. C. Sharma: He has made enquiries.

Shri K. K. Basu: Then, we are not fully posted with all the figures.

Shri G. D. Somani: The Bombay City textile mills managing agents themselves have guaranteed Rs. 16

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crores. How can we reconcile that figure with Rs. 7.7 crores?

Pandit K. C. Sharma: It is his estimate.

Mr. Chairman: The hon. Member has a right to say what he believes to be correct.

Shri G. D. Somani: I think this figure of Rs. 7.7 crores is not correct. Perhaps in the nature of the enquiry, it may have been confined to some small units alone. I do not know. But, I have every reason to believe that this does not reflect the amount of loans that may have been guaranteed by the managing agents. As I have said, it may be that even one leading business house may have guaranteed something like Rs. 7 or 8 crores. It is not a big amount for big concerns which are functioning under these business houses. Therefore, it cannot be that an amount of Rs. 7 crores only may have been guaranteed by the managing agents in 1720 companies. I for one seriously think that there is some mistake in that figure.

Shri C. C. Shah: There is another figure in that statement which says that the total profit of 1720 companies is Rs. 38 crores. Will my hon. friend tell me whether he has made enquiries, or from his knowledge he could say whether that figure is correct or approximately correct?

Shri G. D. Somani: I have not made enquiries. I am at present concerned with only the amount of financial guarantees. I have not made enquiries for all the figures in that statement.

Shri K. P. Tripathi: Only for those that are favourable to them.

Shri G. D. Somani: Whatever figures I have got, I have given. I have not made enquiries about the profits. The House knows how the figures of profits have been dealt with in certain cases, I have dealt with the question so far as the arguments of my hon. friend Shri Asoka Mehta are concerned. I need not go into that.

Coming to my amendments, I would first like to refer to clause 323. Much has already been said about the managing agency system. But, granting that the system has to go some day—it might go in 1960 as has been so ardently desired by my hon. friend Shri Asoka Mehta—even then, I ask, is there any need to create such an uncertainty and insecurity in the mind of the business community, by taking these powers? Is it or is it not possible for the Government to take action in the case of certain industries when circumstances demand that the continuance of the managing agency system is not necessary? My submission is this. Whenever the Government may think that this is the opportune time for eliminating the managing agency system from any industry, then, it will be quite easy to bring the necessary amendment to the Companies Act and do away with the managing agency system in that industry. This general power which has been taken by the Government will create a lot of unnecessary insecurity and fears and doubts which would be lingering all the time when we are just on the threshold of an ambitious programme of industrialisation. When you can achieve the same purpose by bringing an amendment at the proper moment, why should this sword of uncertainty continue to hang over the entire industrial structure that such and such an industry might have to be declared or that it may be declared at some time that the managing agency system will not be required. Even from the practical point of view, I do not see the slightest difficulty for the Government to take proper action in regard to certain industries if they so chose to do away with the managing agency system. There is no need to arm themselves with certain powers which might do harm and damage to such industry about which we may not be able to do the right thing at the right moment even when taking these powers.

Reference has been made time and again to the Bombay Shareholders Association. So far as this aspect of the matter is concerned, the Bombay Shareholders Association have pointed out that a comprehensive enquiry should be made after the five years period to see whether the managing agency system does contribute anything to the management of companies and in the light of the findings of that committee, Government should take proper action. The Bombay Shareholders Association as such also did not advocate the taking of these powers. What they said was only to make enquiries. I for one believe that the Government today can give an assurance to the House that after the expiry of three years when they may pernaps exercise any such power and declare a particular industry, they would appoint a committee of enquiry in the case of any industries in which they feel there is no justification for the managing agency system to continue. This is all the intention of the clause and this intention can be met very easily by a promise by the Government to the House that a committee of enquiry will be appointed at the expiry of a certain period, which will go into the desirability or otherwise of continuing the managing agency system in particular industries that they may have in mind.

We have heard before—and I think my communist friends have tabled amendments about the textile and jute industries. The argument has always been that since no further development is necessary so far as these two industries are concerned, the managing agency should go. But, those who talk about the development of industries always forget the amount of rehabilitation which has to be done in these industries. We know that most of the plant in these industries is very old and a huge amount is required both for the textile and jute industry to modernise the plant and machinery. Naturally, therefore, the financial requirements of particular units in the textile and jute industries are concerned, this argument of the managing agents having nothing more to do about them does not hold water. Because the requirements of rehabilitation are so large that they surpass any amount that may be necessary for the establishment of new industries. These are very big industries. They are playing a very important role in our national economy and in the export field. We cannot afford to take any risks about such important industries. My observation in regard to this clause 323 is that even if the Government at this stage do not agree to drop this clause, the least they can do is to give an assurance or to accept an amendment, that we have tabled that whenever there will be an occasion to notify any industry, it would be preceded by a systematic enquiry into the conditions of that industry and that that notification will not be issued simply as an executive order without giving a proper opportunity to the industry concerned and to all other interests concerned, to say what they have got to say. Because, any such action is bound to have far-reaching repercussions upon the functioning of that particular industry, it is only fair that whatever may be the Government's ultimate decision in the matter, at least in fairness and in justice to the industry concerned, there should be a comprehensive enquiry made about the functioning of that industry before they decide to take action under this clause and notify any industry. I do not think that that would come in the way of the Government taking such action as they deem fit in the light of the circumstances that may be prevailing at that time. That would create some confidence among the various industries that at least before any action will be taken, the pros and cons of the step will be properly gone into by a systematic and comprehensive enquiry, and that nothing will be done in a light-hearted manner which might adversely affect the smooth functioning of that industry. I hope the hon. Minister will seriously consider the desirability of giving an assurance on the floor of the House that no notification about any industry

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will be issued without an elaborate and comprehensive enquiry about the functioning of that industry at the particular moment.

Coming to another amendment of mine to clause 325, about Government sanction of managing agents, this is a clause about which you were good enough just now to say a lot about the very wide powers which the Government have taken upon themselves to go into the appointment and reappointment of managing agents. One could have understood if the Government in this case had been content to leave the power to the shareholders, because, after all, it is the shareholders who have to choose whether they will have the particular managing agent or not, and if they will have, what will be the terms and conditions on which he has to work. So, I think the Government by taking these powers is rather going too far, and it will create a lot of unnecessary difficulties, as you yourself just now pointed out.

Then, the criteria on which such individual appointments are to be judged are also specified in the clause. These criteria are neither objective nor such as can be properly judged. They involve personal judgment or qualities about whose nature there can be honest difference of opinion. To a very great extent past management of the company under consideration or other companies managed by the managing agent may be used to determine the managing agent's fitness, and if this is going to be the factor in determining the fitness of any particular individual who has to be approved as a managing agent, then you can very well realise the repercussions of this policy upon our goal of decentralised economy and upon our aim of expanding the economy in a manner which will have many new entrants constantly.

Then, at the same time, this burden of proving that the criteria are satisfied by the managing agent lies on the managing agent himself. It would have been more proper if the onus of proving that the managing agent is not a fit person is placed on the Government and the issue is made justiciable. What I was pleading for is this, that the criteria should have been in the negative sense. If he is not a fit and proper person then perhaps there would have been something for the Government to show that in a particular case his past record clearly shows that he is not a fit and proper person. But to apply a positive test of fitness will create a lot of unnecessary complication in as much as it will be very difficult to judge according to individual judgments as to who is to be certified as a fit and proper person. So, if at all this qualification has to remain, it should be in the negative sense that the Government should satisfy themselves that he is not a fit and proper person.

Then, we have also this criterion that it is not against the public interest to allow the company to have a managing agent. Here again, in individual cases the question of public interest does not arise. So far as the public interest is concerned, it might be appropriate for the Government to say for a particular industry that no managing agent will be allowed in a particular industry, but to apply this criterion of public interest in each and every individual case will be very, very difficult, because so far as individual managing agents are concerned the question of public interest should not be brought into this at all. A general notification prohibiting all managing agents for all companies in an industry is understandable, but not a particular decision disapproving managing agents for particular companies in the name of public interest.

So far as this qualification of a fit and proper person is concerned, I have already said that it should be left to the choice of the individual shareholders and the Government should not take upon themselves the

responsibility to apply the positive test of fitness to each and every individual case.

Clause 327 has been added by the Joint Committee. The Joint Committee have provided that when an appointment is in excess of the term, the entire appointment will be void. The appointment may become void for the excess period because the date of commencement may not be clear, or in the case of a reappointment the date on which the earlier period gets over may not be definite. In both these cases there can be honest difference of opinion, and in such cases the whole appointment should not be made void. I would therefore plead that only the appointment for the excess term should be void and not the entire term as the clause at present provides.

My amendment to clause 343 is based on the same reasoning as enunciated in respect of clause 325. The clause provides that succession to the office of managing agents should be approved. So, I do not want to take any more time on this by going into the same reasons.

I would now like to go to clause 345 where it is provided that any change in the constitution of the managing agency firm or body corporate should be approved by the Central Government. In the explanation attached to his clause are detailed the conditions which constitute such change. The Bhabha Committee which had examined this question were beset with two divergent considerations, that is, the fundamental right of a managed company to be managed by a managing agent whom it has appointed, and secondly the undesirability of imposing rigid conditions on the acquisition of an interest in the managing agency firm. What we want to say is this, that wherever there is any slight change in the ownership of shares, then this approval is not necessary. What we want to provide is this, that only where a change takes place so that the original members cease to have a majority interest should the approval of Government become necessary. So long as the majority interest of the original members continues, there should be no apprehension or any doubt, and I therefore request that the hon. Finance Minister should consider whether any slight change of whatever character is necessary to be approved by the Government or major changes that might take place in the constitution of the managing agency firm or company should alone be required to be approved by the Government.

Regarding clause 348, of course it is on the same basis as the income-tax—that it is not deducted in calculating the profits. Similarly, the E.P.T. or B.P.T. whenever these may be prevailing should also not be deducted from the profits before the managing agency remuneration is drawn. It is on the lines of income-tax and we have said in our amendment that the same analogy should be applicable here.

Clause 349 which deals with apportionment of depreciation provides that in the first financial year after the commencement of the Act arrears of past depreciation should also be taken into account. This also will create a lot of unnecessary hardship for many companies. Accumulated arrears of depreciation may be much, and the managing agents' remuneration may be reduced to a minimum for some years, perhaps till 1960 after the commencement of the Act. The basis on which managing agency commission has been drawn in the past may be entirely different from what is provided now. It is fair that the past depreciation should not be taken into account and the provision should apply only as from the period for which the provision of the Act would become applicable. Inclusion of past arrears of depreciation will create unnecessary hardship in calculating the managing agency remuneration.

Then there are two or three other clauses, but I would not like to go into the other details. I would end

[Shri G. D. Somani]

by appealing that so far as these managing agency clauses are concerned, they should be viewed in their proper perspective and we should concentrate more on the repercussions which these clauses may have on the economic development of the country. Whether it is the managing agency system or whether it is the system of managing directors or secretaries and treasurers after all, it is the individuals who may be at fault, and those individuals whether they work under one particular system or another, may find loopholes to indulge in abuses, and therefore it is not the system which is at fault, and it is no use, therefore, condemning a system only because it is at present predominantly prevalent in the country and therefore in this system alone is found certain abuses. But in the context of the present need of the country and the ambitious programme of industrialisation we have, I do hope that a more realistic and practical view will be taken about these clauses.

Shri Ramachandra Reddi: I have given an amendment to clause 331, and I shall briefly explain my position with regard to that

Speeches have been made on the floor of the House regarding the economic policies involved in this Bill, and especially the managerial aspect. In clause 331, provision has been made that after the 15th day of August 1960, no managing agent should have more than ten companies under him. It has been pointed out that this figure is arbitrary. I agree with those hon. Members. This arbitrary number does not seem to convince anybody of its efficacy. If a company can manage ten companies, there is no reason why it cannot manage an eleventh or twelfth company; on the contrary, if a company finds that it cannot manage ten companies, then it will voluntarily come down to four or three companies. At any rate, therefore, the provision for only ten companies does not seem to convince anybody.

Shri K. P. Tripathi: As being too low?

Shri Ramachandra Reddi: I would like to point what difficulties are likely to arise, if this provision is allowed to be retained in its present form. As has been pointed out, today there are several companies under the management of just a few families. They have started these companies. Some of them have been functioning very well, and some of them are being developed, and some, even after having been developed, are probably running at losses. If the limit of ten is now imposed, then naturally those companies which are in excess of ten and which are not working well will be closed down by the managing agents. If they are half-developed, they will be left-half developed, and further progress will be completely stopped. In such cases, the shareholders as well as the labour will be very much affected.

I can give you an instance of that. In the south, a number of companies for the manufacture of vanaspati or oil have been started. The Government of Madras have given loans to them profusely, probably to the extent of more than Rs. 50 to Rs. 60 lakhs. Most of them have not worked well for the simple reason that the managing agents have not been able to finance them at the time finance was needed.

But there is one company in Kurnool started by one of the big businessmen, probably Birlas. They have spent about a crore of rupees over that, and they have now employed hundreds of people in that company. Quite a number of labourers and shareholders are involved here.

Shri K. K. Basu: Did they get any money from Government?

Shri Ramachandra Reddi: I have no knowledge. Probably, they have not.

If the option is given to that particular managing agency to liquidate companies over and above the number ten, naturally they will fix upon

that company first for liquidation. The result will be that a large number of labourers will be thrown out of work, and the shareholders for whom we are pleading so very vehemently on the floor of the House will also be losers.

Further, the possibility of developing these industries regionally will also be set at nought. Under the Second Five Year Plan, the prospect is envisaged not only of developing industries but developing them in regions which are industrially backward. If there are certain regions where industrial baskwardness is still remaining, there the prospects of some of these new businessmen coming and developing industries may not be very fair because they have to think hundred times before they actually start business; and by the time they collect the money and start the business, the shareholders and the public may feel diffident about the prospects of business developing in such conditions.

Besides all this, no indication has been given either in this Bill or in the speeches made by the Finance Minister, as to whether in case such companies are closed down compulsorily under clause 331, there is any prospect of Government coming forward to take them over or other alternative arrangements being made to run those companies, whether they run at a loss or at a profit. In the absence of any assurance in this regard, naturally, the shareholders will be very much affected, and labour unemployment will also increase. One of the principles on which the Second Five Year Plan is going to be framed is not only to develop industry but also to remove unemployment. But this particular clause, I am afraid, will run counter to the proposals of Government inasmuch as it will create greater unemployment and also result in the deployment of the existing employed This embarrassing position will have to be clearly seen through, before the House approves of clause 331.

There is one more point in this connection. Most of these developments are expected to be in areas which have not so far had any industrial development. Especially, so far as purely agricultural areas are concerned, they can never be developed unless development of industries is resorted to. The prospects for the agricultural producers will depend upon the industrial development in the particular zone in which they live. For instance, if cotton mills are going to be started, naturally the cotton growing areas will have to be taken into consideration and developed. Similarly, if oil, sugar and tobacco enterprises are to be set up, naturally those factories will have to be opened in those centres where the respective crops are heavily grown. But there is not even a promise or suggestion made by Government or by those who criticise the present state of affairs that industrial enterprises will be started in those areas where the agriculturists have got large produce at their disposal.

In fact, it is the big business houses that have been able to show their enterprise and enter such areas where the small managing agents have failed. We have to our own grief found in this House that small managing agencies come forward collecting shares and erecting the machinery etc., but never work the machinery or take up the manufacturing process. So to avoid these contingencies and taking note of the existing state of affairs, especially the financial side of it, we should not discourage the big entrepreneurs. If there is any attempt to curb the enterprise of the big business people, there will be no capital flowing forward and not very much prospect of capital being utilised for the development of these enterprises. In these circumstances. I should think that clause 331 should have no place in this Bill, especially when our objective is to develop the industries in the Second Five Year Plan period.

I do not dwell upon the other clauses for the simple reason that they have been sufficiently discussed and probably experts will go into them in greater detail. I have confined myself to this

[Shri Ramachandra Reddi]

particular clause only and said in my amendment that this rule should not affect the existing companies. If for future purposes, the clause is necessary, it can be incorporated. As the affairs of existing companies are going to be scrutinised and examined very carefully, hereafter the question of fraud might not arise. Also, restrictions have been placed upon the present managing agents in respect of the remuneration they will get, in respect of the other profits that they are likely to make and so on. In fact, the idea of having an arbitrary number—ten—of companies does not appeal to reason for this simple reason that ten companies might have Rs. 5 lakhs each and the volume of business that these ten companies would do would be only Rs. 50 lakhs, whereas there may be two companies having Rs. 1 crore each and therefore, will be able to transact business worth Rs. 2 crores. So the number does not in any way indicate the amount of business that can be done. On the other hand, if more freedom is given for business enterprises to put in their money and conduct business, there is every possibility of the number of industrial enterprises increasing. It is probably much better if the volume of trade is limited rather than the number of enterprises in which they can take part. With these few observations, I feel that clause 331 should be amended so as not to include the existing managing agencies within its fold.

Shri Morarka (Ganganagar-Jhunjhunu): My amendment is No. 436 to clause 330. I would like to invite your particular attention to this amendment because it is a little subtle, I am told. My amendment is that in page 173, lines 15 and 16, omit "other than those relating to the term for which the office can be held". Now, in this Bill, you will notice, there are two clauses which deal with the term of office of managing agents. One is clause 327 and the other is clause 329. Clause 329 is a self-contained clause—complete in itself. It says that the term of office of existing managing agents would terminate on 15th August 1960. So even if this clause is to come into force immediately, on the commencement of this Bill the meaning of it would be that the existing managing agents would not cease to hold office before August 1960. The other clause, 327, refers to the term of office of managing agents. Now, it was not the intention of the Joint Committee that this clause 327 should not come into force immediately after the commencement of this Act.

[SHRIMATI SUSHAMA SEN *in the Chair*]

The intention was that so far as the existing managing agents were concerned, their office should not terminate before 15th August 1960. But if any firm of managing agents wants to renew its agreement or wishes to have fresh appointment, then it must come before the Government for permission, and permission should be given for ten years in the case of renewal and 15 years in the case of first or fresh appointment. Therefore, the words here which my amendment seeks to delete are simply redundant, because if this is to qualify clause 327, the purpose would be defeated. Apparently, it is meant, to qualify clause 329, but clause 329 is a full, self-contained and complete clause and does not require the aid of these words. At the time this Bill was referred to the Joint Committee, it was the desire of many hon. Members that the provisions concerning managing agency should be examined in great detail by the Committee. Therefore, the Committee devoted a great deal of time in examining those provisions and making suitable changes. As a result you will see that in the Bill which is now before the House, there are radical changes made so far as the managing agency clauses are concerned.

Even before the Joint Committee there were two extreme views. One view was that the managing agency has outlived its utility and it should be abolished immediately, the other

view was: no, it should be kept: it plays a very useful role in the community, and in view of the further development programme, this system may be preserved intact. If one is to go by the data available before the Joint Committee, if one is to be guided by the evidence placed before the country that may be placed before this House now, one cannot come to the conclusion that this system should be abolished straightway.

I do not wish to tire the House with many quotations. But if one has to understand this system properly one should know the biography of this system. One may know particularly what happended immediately after the first world war. This system of managing agency is a very old one. It is as old as the industrial revolution of the country. Madam, let me assure you that the complaints against the system are no younger. But even in the years 1916—18, when the Indian Industrial Commission was appointed under the chairmanship of Sir T. H. Holland, the final verdict of the Commission was that this system served a very useful purpose and that it was best suited to Indian conditions of that time and that it should be kept. They said that "there is no doubt that the system is, in many ways, well adapted to the present condition in India and has a far better list of success to its credit than can be shown by any individual management or directors".

Then the next phase was in 1927 when the Indian Tariff Commission was appointed. They also examined this question in detail and gave their verdict. The complaint before the Commission was that the depression of the year 1927 was mainly due to the system of managing agency and that if the system was not prevailing here, the depression could have been avoided. The Commission's verdict was that 'we are not sure that the depression was due to this system and the fact that even the same conditions pervailed in Lancashire more than in India is in itself sufficient to show that it is not any particular system of management which is in any way responsible for it'. Then they went on to make some minor recommendations which were later on incorporated.

The third important body which examined this question in detail was the Indian Banking Inquiry Committee of 1931. This Committee says that though this system has played a very useful role in the Indian economy, an attempt should be made to make the industrial enterprises in India less dependent on this system for future development.

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The next body that went into this question was the Indian Tariff Board of 1932. The Board came to the conclusion that nearly every important Indian industry has been brought into existence by the enterprise of the managing agents. They had many good things to say about the managing agency system and the decisive verdict was that the system should be kept. In conclusion, the Board commended the system as one that filled an important place in the industrial sector of the country but recommended regulatory legislation for the system. They said that there should be more control and regulation of this system by the Government. It cannot be said by any hon. Member here that after this Bill there would be any want of control or regulation by the Government on this system.

The next body was appointed in 1949-50, the Fiscal Commission. The Fiscal Commission said that this system of managing agency has rendered single service to the 75 year old industrial development of this country.

We then come to the Working Party on Cotton Textiles in 1952. Their verdict was also in favour of retaining the system with certain alterations and amendments. The Bhabha Committee's verdict was also that the system should be mended and not ended and on the basis of those recommendations the present Bill has been drafted. Even the Planning Commission examined this question in December 1952, and

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their finding was also that this system has rendered good service and has its utility and therefore it should be kept.

If therefore one is to judge the system on the basis of the record before the various committees and commissions, which committees and commissions had taken in evidence, which had recorded the evidence of various persons connected with the system, then the verdict of every one of these committees and commissions is that this system though it requires regulation and mending, it has played an important part in the industrial development of the country and that it should be kept.

It was after taking all these into consideration that the Government decided that whereas on the one hand there is a demand from the public that this system should be abolished, there is, on the other hand, an equally strong case—by every committee and commission which examined this question—that this system should be kept. Therefore, the Joint Committee thought it fit to provide in the Bill a provision by which Government is given the power that is, after examining the case of each industry, if the Government came to the conclusion that it is not necessary to have further expansion for the particular industry or that the managing agency system is not more necessary in that industry, then the Government may by notification direct so and then the managing agency in that particular industry would come to an end.

Among the regulatory provisions which have been made in this Bill—most of them have been already referred to here.....

Shri Kamath: On a point of order, Madam Chairman; I want to give my young friend a little pause and rest; there is no quorum in the House.

Shri Jhunjhunwala (Bhagalpur Central): We have to go according to convention.

Shri Kamath: The convention is between 1 and 2.30. It should be counted at other times except the lunch interval. My eye estimate is that it is only 40.

Shri C. D. Pande (Naini Tal Distt.-*cum* Almora Distt.—South-West *cum* Bareilly Distt.—North): There is a definite convention now. Madam, it was decided this morning that if there is quorum at 11 o'clock in the morning when the House meets, then thereafter there is no need for quorum.

Shri Kamath: It is only for the lunch hour; the convention does not extend to other times. You can get the transcript. It is only between 1 and 2-30 that it need not be counted.

Some Hon. Members: There is now quorum.

Mr. Chairman: There is quorum now; the hon. Member may proceed.

Shri Morarka: There are many other clauses in this Bill which provide for the regulation and control of the various activities of the managing agents and the remuneration paid to them etc. All these things have been talked about at such great length that it is not necessary to draw the attention of the House to those clauses again.

This morning, hon. Member, Shri Asoka Mehta moved his amendment No. 234, which has the effect of terminating the managing agencies by 1960. As you see in the Bill, if the Government, after taking proper evidence and making proper enquiries, come to the conclusion that the managing agency system is not necessary in any industry, the Government has those powers under clause 323 to terminate the managing agency whenever they like. I do not, therefore, think that there is any further necessity for this amendment.

The hon. Member, Shri Asoka Mehta, this morning was very vocal in giving two reasons why the managing agency system should be immediately terminated. One was that this system of managing agency concentrates economic power and the other was that it creates a lot of inequality or disparity in income.

I would not say very much about the second reason because this Bill lays down a ceiling of remuneration of 10 per cent. of the net profits. But, with great respect to Shri Asoka Mehta, who is, no doubt, a very keen and intelligent student of economics, I must say that his argument was very artless, so far as concentration of economic power is concerned. I will show how it is. Anybody merely because he is a managing agent of concern does not concentrate economic power in his hands. Who appoints the managing agent. The managing agents are appointed by a third party. They are appointed by the shareholders of the company. In this Bill or anywhere else you do not propose to touch the shareholders at all. They are going to remain where they are. The voting powers of the shareholders are going to be what they are. We are not saying that somebody else is going to appoint the managing agent. The shareholders may appoint the managing agent or the managing director. What difference would that make? Where will the economic power go then? Because of the fact that there is a managing director instead of a managing agent, can you seriously contend that the ultimate economic power of these people has gone to somebody else? The economic power is the power of the people who control these shares. These are the real owners of the company; these are the people whom you are not going to touch. Whether there is the managing agent, the managing director or the secretaries and treasurers it makes no difference so far the concentration of economic power is concerned. It is a very naive argument.

I am not going to touch the other ground on which he attacked the managing agency system. So far as concentration of economic power is concerned it appears to me rather queer argument. Unless and until you pass a regulation by which you say that a person cannot own more than 5 per cent of shares or 1 per cent of shares or cannot have the power of appointing the managing agent you will have concentration of power. We are not going to do anything of that kind in this Bill. Merely because you say that you will have the power of appointing managing agents or you will abolish the managing system, you are not going to curb the concentration of economic power. If a man has 51 per cent of the shares in 10 or more companies it does not matter whether you appoint ABC as the managing agents or XYZ as the managing directors. So long as he has the control of the shares, he controls the destinies of the companies and so long as he controls the destinies of the companies he controls the economic power and he will control it despite the fact whether you have a managing agent or a managing director and pay them remuneration of 5 per cent or whether you pay them 10 per cent. That is not going to make any difference at all.

Before I sit down, I should like to give an answer to the argument which my hon. friend, Shri Asoka Mehta again, made this morning. His argument was that industrialists like the Tatas—he has given the name—have reconciled themselves to the position of the abolition of the managing agency system. He quoted from a memorandum which they had submitted to the Bhabha Committee some time in 1950. I am going to read a passage from the memorandum submitted not only by the Tatas alone but also by various other industrialists of the country before some members of the Joint Committee. And that paragraph would indicate the attitude of these people towards managing agency.

Shri C. C. Shah: I am afraid that memorandum could not be quoted. It is not part of the record placed on the Table of the House nor was it circulated to the hon. Members.

Shri Morarka: I agree with the objection taken by my hon. friend and it is true that the memorandum was not circulated to the Members nor has it been placed on the Table of the

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House. But, if you wish, I am prepared to place it on the Table of the House now. Or, if you want, I will not quote the actual words. All that I need say is that in conclusion after making out their case they have said that the managing agency system is very vital for the economic wealth, for the industrial development and for the prosperity of the country. And, therefore, they were not for the abolition of the managing agency. They said that even the restrictions should not be imposed; leave alone the question of the abolition of the managing agency. Indeed the question before them was only whether extra restrictions should be imposed or not and they said that they should not be imposed because it would not be possible for the managing agency to work and that it would certainly retard the industrial progress of this country.

Shri K. P. Tripathi: The speeches which I have heard in the evening and in the morning have been of two types.

Shri M. S. Gurupadaswamy: Graphic and sober.

Shri K. P. Tripathi: One type is that the managing agency system is to be abolished at once. The other type is that it is not going to be abolished at all. I think these are extreme statements. Shri N. C. Chatterjee said: "I do not know why the managing agency system is being scrapped altogether so quickly." I have tried to find out the sections, but there is no such attempt made in the Bill at all. The attempt is that by 1960 the managing agencies may come to an end, and that thereafter it would be open to the Government to permit the continuance of the managing agency in industries or in units. Therefore, to say that it is being scrapped is wrong. From our point of view, we are sorry that it is not scrapped quickly enough. The statement made by the Finance Minister in the general discussion created an impression that he did not want to scrap it at all and that he wanted its reform rather than its scrapping. My friend, Shri Somani, said that the managing agencies should justify the necessity for their existence within the space of, say, five or six years and then they might be permitted to continue, and that is the intention of the Government. That shows what has been the impression of the speech of the Finance Minister on the industry at large in the country. Obviously, the speech of the Finance Minister has not carried conviction that it is going to be abolished. The impression all over the country has been that it is a reform measure, and not a measure for abolition. I humbly beg to submit that that is not the intention of the Bill. If that impression has been created by the speech of the Finance Minister, it has been unfortunate, because in sub-clause (2)(b) it is stated—

> "Where any such company has no managing agent on the specified date or where it is incorporated on or after that date, it shall not appoint a managing agent."

Obviously, if it was not the intention of the Bill to abolish the managing agency system, it should never have said that hereafter new companies shall not have any managing agents. If it was the intention to abolish it, then such a clause would be tantamount to discrimination, because it would be tantamount to saying that all the managing agencies which existed before should continue to exist and hereafter no new managing agencies should be permitted to come in. Therefore, we would be placing one sector of the population at a disadvantage as against the other sector of the population. This would be a discrimination and, therefore, it would have been quite improper to incorporate this provision. As a matter of fact, Shri Chatterjee himself referred to this discrimination because this clause shows that the intention of the Government is to abolish this system.

Since the Government is not in a position to abolish it immediately, it is taking this step and has provided in sub-clause (1) that it shall have power to abolish it industry-wise. So the intention of the Bill is not to speak in panegyrics of the managing agency system, that it is a very fine system, that it has done great services to the country, that it should be permitted to continue if it justifies itself in the next five years or so, and that it should have a long lease of life unfettered by any limit. That is a wrong interpretation of the entire Bill. If the Finance Minister did not mean it, if the Finance Minister meant its abolition, I have no doubt that he will get an opportunity to explain and clarify the situation in the course of the discussion of these various clauses. I humbly beg to submit that sub-clause (1) provides that Government has power to abolish it industry-wise even before 1960. Is it to be understood that although it is provided so, Government does not intend to do it?

Shri K. K. Basu: It is in the mind of the Finance Minister.

Shri K. P. Tripathi: I agree. It is for the Government to administer the power that is given to them, but the power may not be exercised. But looking to the clause as a whole, the intention presumably is that the power shall be exercised. It is also the direction of the Bill that power be exercised and it is for this reason that it should be done industry-wise. When these clauses were being drafted, Government felt that the country was going to develop, and new industries have to come in, and it was pointed out that there are sectors of industry which have not developed at all, and for quick development of the country it might be necessary that in those sectors in which there is more development needed, the managing agency should be retained. If that be so, then obviously it must also be taken for granted that it was also the intention of the drafters to say that in those sectors where no new expansion is contemplated, this clause will be applied. Shri Somani has argued in regard to the Second Five Year Plan. If that Plan says that we are not planning any expansion in jute industry, then jute industry should be one of the industries in which this clause should be applied. If we are not expanding the textile industry—and it has been stated that the textile industry is not going to be expanded—then it should be applied in the case of the textile industry. Under the existing law, regarding plantations and particularly the tea industry, it is not permitted to expand and therefore there is no need for managing agency there. In the coal industry it should be realised that there is a case for its nationalisation. At least we have said that new expansion for the coal industry should not be permitted in the private sector at all. Government should consider if in the Second Five Year Plan, the new expansion is going to be undertaken in the public sector or the expansion permitted in the private sector would be negligible, the public sector having a large proportion, and in that case also, there is a case for the application of this clause to that industry. Therefore, I say that even before 1960, it is possible and it is intended by this Bill that this clause should be applied to these four industries at least. I beg to draw the attention of the Government to this aspect of the Bill, to the possibility that it might be applied here and now without any loss to our industry. If it is applied to these industries, what would be the result? The result would be that these industries require two types of capital. One is working capital. For working capital, these are established industries for over so many years and they have their own working capital and so it will not be very difficult to get working capital if they are managed director-wise. Secondly, commercial banking is attached to these industries, and there has grown over a number of years a system of financing for the working capital of all these industries—and which is

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current today—and if the managing agencies disappear, there will be no difficulty at all.

With regard to the question which was also raised by Shri Somani that Rs. 50 crores are guaranteed by the managing agents—not Rs. 70 crores—it has been pointed out in the circular that so far as the guarantee for the resources of the company itself is concerned that is not regarded as guarantee by the managing agents. Most of the companies guarantee loans against their own resources, not the resources of the managing agents. It is only in the case of the badly running companies in which extra resources are necessary that their managing agents come, and it is for this reason that the amount is Rs. 7 crores; it is not Rs. 50 crores or anything of that kind as Shri Somani was suggesting.

Shri K. K. Basu: That is also a guarantee against malpractices.

Shri K. P. Tripathi: My friend says that. Therefore, I submit that so far as working capital is concerned although the guarantee comes from the existing sources, that is a very small percentage. But even in that case what happens? Take for instance the tea gardens, it was the Government which had to come forward to guarantee to the banks that loans might be advanced. In a socialistic pattern of society, I have no doubt that if any industry is to close Government shall have to come forward to guarantee and therefore, the purpose of guarantee is clear; such a guarantee is also being undertaken by the Government. It is known to everybody that all the foreign loans which are being taken are guaranteed by the Government. Instead of that Government is sometimes advancing loans. So, I say that this question of guarantee with regard to working capital does not hold water.

A point was made by Shri Somani. He asked: what about rehabilitation loan? He said that a lot of machinery in the textile mills as well as others had to be rehabilitated. This is a very interesting argument. Here an industrialist comes forward and says that the managing agents are going to finance the rehabilitation and therefore they should exist but as soon as permission is given they come to the Government and say: please give us loans; we cannot rehabilitate or modernise. In the case of jute industry they came to the Government. They come and say: please give us loans because we did not save; we ate and we have nothing left so please give us some advance. Therefore, so far as the question of financing is concerned it is a wrong argument. He was making an argument in order to continue the managing agency but he knew that this was merely an argument and actually, when it came to rehabilitation it was not he who would finance but it would be the Government. On that argument it cannot be permitted to continue.

The reason why we are against this managing agency system is different. We have said that we do not want concentration of capital. We have accepted the socialistic pattern of society and from that point of view we want to prevent concentration of capital. Managing agency is a system which contributes to concentration and therefore it has to go. How it brings about concentration has been dealt with and I need not quote figures. We want to prevent this.

People ask: why become a doctrinaire? It is not necessary to be a doctrinaire. I say: how can you avoid being doctrinaire if you say that we accept socialistic pattern of society which itself is a doctrine. We accept it and apply it. We are pragmatic in so far as the stages are concerned. The clause here suggests a pragmatic approach. Pragmatism does not lie in saying whether managing agency should be abolished or not.

Shri M. S. Gurupadaswamy: Pragmatism is itself a doctrine.

Shri K. P. Tripathi: It is for the purpose of finding out in what phases it should be abolished and not whether we should abolish it. So far as that policy is concerned we are committed to it. So far as the phase is concerned—the phase at which we have to abolish it—that is the question: and we are leaving it loose. I think by leaving it loose it is not intended to say that we do not intend to abolish it at all. It is intended only that we should find out the phase in which we have to abolish it.

The second argument which was the main argument from our point of view is this. In India management is extremely top heavy; it is costlier than in any other part of the world because due to the managing agency system it is three tier costly. First of all there is the board of directors whose cost we have to bear. Then comes the managing agents whose cost we have to bear. Then comes the management appointed by the managing agents and that cost also we have to bear. Thus you will see that in the Indian structure of management of companies it is a three-tier management. In those cases in which the managing agency appoints another agency to look after the management, it becomes a four-tier management and I have also seen cases where it is a five-tier management. The result is that, in spite of a very large percentage of gross profits there is a loss.

Obviously, such a system of management was possible in this country because the wages were very low. The labour was not given any social security and there were no welfare measures for the labour. Now, under the socialistic pattern of society and with the labour awakening, do you think that you can keep labour where it was? The wages shall have to rise and they will have to be given welfare measures. They must be made to live as men so that their efficiency might increase. You shall have to give them social security measures which you have denied them and given only to the managing agents so long. What about that?

Shri Kamath: Wait till Amritsar.

Shri K. P. Tripathi: I ask every individual in this country: can the industrial sector give higher wages, higher social security and higher welfare measures to the labour with the present structure? The only answer is: "No, it cannot be given." Then what shall be done; this is the question which is placed before you. If you increase the labour costs and retain this management then you shall have to raise the cost of goods so high that you will be wiped out of the foreign market. You will not be able to sell your goods in your own country. Recently I was reading the bank award where Shri Gajendragadkar has given a very fine report. In that he has asked this question: if you try to retain the cost structure which is given to the management and if you try to retain the cost structure that is given to the middle class; then, if you want to give higher living conditions to the workers, where is it to come from? That is the question he has asked and he has himself replied that it cannot be given. It is impossible to be given. So, here is a tribunal saying that it is not possible to give higher living conditions to the workers with the present cost structure. Therefore, we come to the inevitable conclusion that the management structure of this country is wrong and, therefore, we have to go the same way as other countries have gone—the way America has gone or England has gone. These countries have no managing agencies and they have only the director system. In the director system it is possible to have less cost. I was surprised to find in an industry—it is very interesting—that out of a cost of 20 annas per unit, 3·2 annas was the labour cost and 3·9 annas was the management cost, although in that industry the labour employed is 100 times more than in many other industries. Obviously, this state of affairs in the industrial cost structure cannot make us call it a scientific cost structure. I was, therefore, suggesting that this structure is out of date and the managing agency system has to go. If the managing

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agency system does not go then it will not be possible for our industries to run economically and it will not be possible to give labour higher living conditions and then there would be revolution. Therefore, the intention is very clear and we must.....

Shri Kamath: Are you afraid of revolution?

Shri K. P. Tripathi: My friend Shri Tulsidas the other day made a very interesting declaration. He said that the directors are mere advisers in India as distinct from England. Obviously, we have been so long paying for mere advice and not for management.

Shri M. S. Gurupadaswamy: Very good advice.

Shri K. P. Tripathi: Actually, directors are expected to manage the affairs of an organisation and here is an admission from an industrialist that they are merely advisers and the management is done by outside people. So, it also supports my theory that management is overcostly in this country. They must assume the responsibility of management and we do not want them to be mere advisers. Let them come forward to manage the companies. I have no doubt, therefore, that we have come to a stage in which managing agency must expire and it must be replaced by a new system. How quickly it can be brought about is the next question. The Government should not make declarations which are doubtful and which make the mind of industrialists doubtful as to think that perhaps the Government may have a soft corner.....

Shri Kamath: Mental reservations.

Shri K. P. Tripathi:..... and they may permit the managing agency to continue. The Government should say that the system has outlived its date and it should go. The question is, they have been good for a time. So was zamindari. So was monarchy at one time. They have ceased to be of any utility. They go. After all, a system has to justify itself in the present and not in the past. All these arguments about the past are out-of-date and they are out of place also. This system has to justify itself today, and I beg to submit that this system cannot justify today. Therefore, it has to go. A system which has outlived itself, and outlived its utility has to go. Therefore, I beg to submit that the Minister will think about it.

Then, the question of capital market has been raised. I beg to submit that if the Government analyses the capital market today, they will find that it is completely changed. The managing agency came at a time when there was no capital market. It created cent per cent. working capital, investment capital. But, today, what is the position? Today, a large part of the capital market has been provided by the Government. Every State has floated a Finance Corporation. The Centre has floated a Finance Corporation. The Government is getting money from outside, and all the money is being under-written. Therefore it is that the contribution of the managing agents is only Rs. 7 crores, and it has been reduced now. Therefore you see how utility with regard to the capital market is going away. If the Government thinks that capital market is not yet properly organised, the managing agency has to continue. Then, it is for the Government to find out how the capital market has to be created under the socialistic pattern of society, and under socialist economy. Already, Government has taken steps. Government has taken up the Imperial Bank which is going to expand banking in the rural areas. It is going to have Industrial Finance Corporations. So, both types of capital—finance capital or equity capital, and working capital are being provided by Government in its own structure. So, it is an attempt by the Government to provide capital structure and it is in relation to that that I say that the Government have taken the right step.

Now, the Government should take courage in both their hands and begin to liquidate the concerns. In the proportion in which the managing agency ceases to be capital-financing structure, the managing agency has to be liquidated. Also, the Government should take steps, in order to provide this new structure, in the direction of capital formation.

I am sorry I have taken more time, but I was just pointing out this capital structure. The question of capital structure has already been met, and if not today, at least within the next five years, all the State Finance Corporations will be well off and will be financing well, and so will be the Central Finance Corporation.

With regard to managerial ability, my friends have admitted that managers will not run away. They will live here, and therefore, the ability will be there at the disposal of the country. Therefore, from both these points of view,—capital structure as well as managerial ability,—the abolition of managing agency is not in danger. Therefore, I humbly beg to submit that Government should apply its mind strongly and make it beyond doubt that it will take steps with regard to abolition and not mere reform.

Shri K. K. Basu: We are discussing the most vital part of the Companies Bill. During most of these discussions that have taken place at the consideration stage, we dealt at length with the managing agency system. Unfortunately, this morning, when the Finance Minister replied to Shri Asoka Mehta in the course of the discussion, I found that the Government attitude was rather halting. I fully agree with my friend Shri K. P. Tripathi who has just now spoken, that so far as the managing agency system is concerned, Government and Parliament are more or less committed to this position that it must come to an end sooner or later. But Government feels that at the present moment, according to its understanding of the economic life, unless an alternative is found out, it is not possible to stop this managing agency system immediately. But unfortunately, the Finance Minister, in reply to the debate in the consideration stage, expressed certain views which go to show that the Government are still vacillating and are willing to give the business people a chance in what they say the "mended" managing agency system.

Here, with your permission, I may refer to what the Finance Minister said on the 19th August last in reply to the general discussion. He has said:

> "We shall look to their records. We shall see how the economic power is being concentrated. If we find that a particular managing agent has in spite of this Sword of Damocles hanging above him gone on acquiring economic influence to the common detriment, then it would be open to us and to the Government to say that we do not think it is in the interests of the country to continue the managing agency. He has no appeal against it; that decision is final."

I am referring to this because the Finance Minister seemed to say this morning that he did not mean this and that he only meant that after 1960, in some industries, the Government might declare by notification that there should be no managing agency system. This is a very important point, because it is not a question of giving the managing agents another chance for the next three or four years to prove the *bona fides* of their case and the justification for their continuance in our economic life. This was discussed when the matter was referred to the Joint Committee and rightly or wrongly, they have come to the conclusion that the managing agency system might have to be ended sooner or later, and for that, they have fixed a date by which the Government should come to a definite conclusion as to which of the managing agents should be put an end to.

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The most important points that have been raised in support of the managing agents are two. It is said that they are in a position to mobilise the capital which is necessary for the development of industries in our country and secondly, it is told that they have the necessary skill. So far as development of industries in our country is concerned, if my friend Mr. Somani—he is not here at the moment—studies to some extent, the facts and figures which have been circulated by Government, he will see that except in one or two cases, most of the managing agents have established themselves in the miscellaneous and not in the vital sectors. As far as cotton mills are concerned, they have been in Indian hands already for nearly a century. Regarding jute, it was not a question of establishing any new jute mill; it was merely a question of changing hands from British to Indian hands. These jute goods were sold at a fabulous price and they made enormous money during the last war. Therefore, there is no point in saying that these managing agents have been responsible for the development of industries even during the last 10 or 15 years. So far as the British managing agencies are concerned, I do not know their history. But we are all aware under what particular economic set-up and under what particular conditions those managing agency houses came to be established and how they exploited both men and money of our country.

Shri Veeraswamy: (Mayuram—Reserved—Sch. Castes): May I point out, Madam, that there is no quorum in the House?

Mr. Chairman: The bell is being rung. Now there is quorum. The hon. Member, Shri Basu, may continue.

Shri K. K. Basu: In this half depleted House, without a quorum, when even the Minister has to attend to some other work, this important Bill is being considered.

I was discussing the proposition that big business is trying to make that they have been supplying the capital for a long time. The figures that have been supplied to us show that only about Rs. 7 crores of loan have been guaranteed by the managing agents. My hon. friend Shri G. D. Somani said that so far as some particular industry is concerned in the western part of India a sum of Rs. 16 crores has been guaranteed and at least Rs. 50 crores may have been guaranteed. As far as I remember, I am sure my other friends will bear me out, in the Joint Committee, this same question was put to one of the very important witnesses, who represents big business, and he said, I cannot definitely say what the percentage is, it may be 3 or 4 or a few crores of rupees. In any case, it has not been definitely said by big business that they have been able to guarantee loans of this proportion or this amount. In the Bhabha Committee report they have only referred to a statement made by the biggest Indian managing agency House, the Tatas, who said, we have been able to stand guarantee for so much and we think other managing agency houses also have made the same guarantee. I personally feel that guarantees are necessary because of the behaviour of the managing agents. They have not come forward to say to what extent the managing agency firm has taken the money of one of the concerns under them to get the shares of another concern, when the concern from which the money was taken had already big debentures standing to their debit. Without paying off the debentures, they have tried to utilise that money and get control of another concern. This is the way in which money has been supplied. They have utilised the funds of the companies that they have been managing to advance loans to their associates or some of their favourites. We are told that in one industry Rs. 16 crores have been guaranteed on their own statement. That also we do not know. Even conceding that for one moment, that

in one industry Rs. 7 crores or more have been guaranteed, it is seen that the banks have advanced nearly Rs. 59 or 60 crores. There is no point in saying that the managing agencies have been able to find money to a large extent so far as debentures or any other loan capital necessary for the development of the industry is concerned. Therefore, I would urge that this proposition that managing agencies are absolutely essential to mobilise capital is without foundation.

My hon. friend Shri K. P. Tripathi has said today,—we have seen the case of the two main industries jute and cotton—that the tea industry is to some extent coming into Indian hands. In the tea industry which was dominated by the foreigners, Indian people are penetrating. Whenever there is a crisis, they do not have the money. Government have to come forward to give money for rationalisation, to give money to tide over a crisis. They cannot say that they have been able to mobilise money. I have taken the figures from a recent publication of the Reserve Bank regarding the investments of banks. In the case of the Scheduled banks, they say, of the total investments, nearly 83 per cent. are invested either in commercial or industrial undertakings. In the case of the non-scheduled banks, it is 60 per cent. Therefore, today,—it is true it was not the case 25 years ago or even before the war—to a large extent these banks have grown in our country and their deposits are flowing into the commercial and industrial field. We have been told by these people that unless their guarantees are there, unless their personal credit is utilised, money cannot be available. I do not understand this. Possibly this is the same as the logic that was used by the zamindars when the zamins were taken over that if the zamindari is abolished, the whole economy of rural life will collapse. Any vested interests, when they are attacked come forward with the same arguments. Today, they cannot come forward and say that without them, money cannot be mobilised. There are banks,—in many cases the banks themselves are connected with the concerns—and the deposits are being utilised for the development of industry. I personally think that guarantees are necessary to guard against the misbehaviour of the managing agents. We know in a number of cases how managing agents have been running particular concerns. The banks may advance money, either secured or unsecured. Naturally they do not every time check up and find out how the company is managed. Unless the personal guarantee is taken, it is quite possible that when the banks try to foreclose the loan, they will find that the managing agents have swindled the whole thing and there is no asset left for the bank to realise. Therefore, it is often necessary to keep the security and guarantee of the managing agents.

As I said earlier, in every development project now the Industrial Finance Corporation or the other corporation floated in co-operation with the International Monetary Fund advances loans. All these are guaranteed by the Government. Therefore, there is no point in saying that for the future industrialisation of the country the money necessary has to be mobilised by the managing agents. Today, to some extent, as a result of planning money is available with the common man, and it will grow. The national income will increase. There is likelihood of investment being made by the common man in industrial development, because the tendency of the people to shift from investment in land or other real property is being observed to some extent in many areas. Therefore the argument that managing agents have to mobilise money for investment is not correct.

As against this, I do not go into the question of profits. It has been said that out of the distributed profit they get more than 50 per cent., of the earned profit 14 to 15 per cent. The Finance Minister says 12 per cent. I do not want to go into its merits. But I am only giving you certain

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figures. I have taken some specimen managing agency firms. The Finance Minister always thinks in terms of the capital-at-charge, i.e., including reserves, and not the paid-up capital alone. I do not agree that they use the reserves, but even adding that together, I have tried to work out some figures, to show what enormous profits these managing agents by themselves have made on the investment in the managing agency firm. Balmer Lawrie & Co., which you must be knowing, with a total investment of Rs. 80 lakhs have made a profit of Rs. 11 lakhs in 1950. In 1951 they have made more than Rs. 22 on an investment of Rs. 90 lakhs. In 1952 it was reduced to about Rs. 14 lakhs on an investment of Rs. 96 lakhs. Binny & Co., on an investment of Rs. 26 lakhs in 1950 made nearly Rs. 12½ lakhs. In 1951 on the same investment they made Rs. 16 lakhs. In 1952 on an investment of Rs. 76 lakhs, they made nearly Rs. 11 lakhs. Brady & Co., on an investment of Rs. 55 lakhs in 1950 made a profit of Rs. 11 lakhs. In 1951 on an investment of Rs. 57 lakhs, they made a profit of Rs. 12 lakhs. In 1952 on an investment of Rs. 59 lakhs, they made over Rs. 12 lakhs. Then I have figures about Gillanders, similarly. On an investment of Rs. 1 crore, they made more than Rs. 32 lakhs in 1952. I have figures for Parry & Co., who on the investment of Rs. 82 lakhs made in one year Rs. 28 lakhs, and in another year Rs. 21 lakhs. And I have figures for a company which is supposed to be small. A. V. Thomas & Co., managing agents of the South, on an investment of Rs. 7 lakhs made more than Rs. 2 lakhs in the year 1951 and in 1952 they made Rs. 1,75,000. Therefore, if you look at the total profit derived by the managing agents from their investment on the paid-up capital and reserve of the body corporate, it is out of all proportion to the service rendered. I have so many figures, but I do not want to go into them because my time is short, but there is no point in saying that the managing agency firms would be able to mobilise capital.

Then, the question of talent has been discussed. We know fully well that in the managing agency firms the directors are such that I do not know how they call themselves talented persons. In Bengal there was a very big zamindar who is now going to lose his property, a big Maharaja. He is a director of 25 firms. I do not know what special business ability he has got. Another person who retired from the Indian Civil Service as an official and who was for a few months a member of the Executive Committee, is also a director of about 16 or 17 firms connected with British managing agency firms. There was another man who was a Minister in Bengal for some time, and who was a lawyer without any practice. Now, he is director of 25 companies. If this is the type of directors that we have, I do not know what my hon. friend the Finance Minister means by 'skill'. Apart from the six or seven managing agency houses or families, which my hon. friend the Finance Minister thinks are the repository of all the financial and industrial skill of our country, I do not know how these people came to acquire that skill. We know fully well that every managing agency firm have their own accountant. if they run the concern properly; and they have their own engineers and other experts who know the technical side of things. It is only because of the money that they have earned, whether by foul or fair means, that they could purchase new concerns or have control in the managing agency firm. So, the question of skill which has been sought to be posed in this House in favour of managing agency firms is without any foundation.

Names are not to be quoted here, but I have got here with me a list of names culled out from the data supplied by Government, which will make the whole thing appear rather fantastic. If you see the qualifications of some of the directors, you will find that one was a lawyer without any practice, another had something

to do with public life, another was a retired I.C.S. officer, and so on. All these persons are suddenly supposed to know everything when they become directors, and they become skilled men.

If my hon. friend thinks that skill is confined only to these six or seven managing agency families, then why should Government go in for any investment in the public sector? Why should they not have in Sindri a managing director from one of these managing agency families or from one of these prodigal sons or duds or whoever they may be?

If Government are willing to come forward and say, here and now, we lay down that the director of a managing agency firm must have the following requisite qualifications, etc., then I could understand the *bona fides* of the Finance Minister when he comes and says, these people are skilled persons, and therefore they are entitled to be in the managing agency firms. But what is the position today? And what are the qualifications that some of these directors possess? The only qualification that they possess is this. If a person has got a lot of money, he is able to become a director in some concern, and he starts enjoying the salubrious climate in Simla during summer; or he goes to England and Europe and spends a lot of money there; and all the while, even his family bills, his children's bills, his motor bills, etc. are all paid by the managing agency firm.

Shri M. S. Gurupadaswamy: Funeral also.

Shri K. K. Basu: If their funeral also takes place, then so much the better, but we find that they are not going to have it now.

If Government have so much faith in the skill of these managing agency firms, then why are they sending out their own men for the steel plant which they are going to set up in Rourekela or in Madhya Pradesh? Why do they not go out with folded arms and ask one of the members of these six or seven families to come and help them? I submit, that the question of skill is absolutely fantastic.

Considering the whole position, Government ought to have come forward saying, you managing agents have behaved in a way which is against all civilised conscience, therefore, we are going to do away with you. But what are they doing? We had moved an amendment to the effect that tax evaders should be debarred. But our Finance Minister says that he does not understand who a tax evader is, and therefore, he does not accept our amendment. I would like to quote to you what the Income-tax Investigation Commission has said in this regard. I thought I could do away with all quotations, but since the views of the Bombay Shareholders' Association has been quoted by more than one Member, I think I should quote a few lines from the *Report of the Income-tax Investigation Commission*, to show what the Bombay Shareholders' Association themselves feel about this matter. This is what they have stated in their written evidence:

> "(J) Managing agents of companies, particularly textile mills, have been found to have made secret profits for themselves in various ways, prejudicial alike to the revenue and to the shareholders. Costs of production have been inflated by making entries of purchases of raw materials never made or made through a chain of intermediate concerns which were merely benamidars of the Managing Agents and each of which added to the cost by charging some profit and thereby reduced the profits of the main company. Sales were partly suppressed and in aid of the suppression, the production was understated. Store materials were exhausted by showing excessive consumption and the materials, falsely shown

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as consumed, were either sold in the blackmarket, or resold to the company itself at the inflated prices of later years. Materials never required by or used by a mill, such as firewood or charcoal, were nevertheless shown as purchased and consumed. The wastage was inflated.

The manufactured goods were ostensibly sold at the controlled prices, but the parties to whom they were sold were really *benamidars* of the Managing Agents and they generally had their place of business in some Indian State from where the goods were passed on to the blackmarket in the interests of the Managing Agents.....Lastly false debits were made in the repairs account either of what was really capital expenditure or of sums never spent at all."

This is what the report of an independent commission reveals to us. The members of that commission were not doctrinaire, nor were they connected with any political movement or any political party including the Congress in their early life. They were all either judges, or ex-judges, or chartered accountants. And it is they who have given this kind of a report.

They come and give this report. Yet the Finance Minister comes forward and says, 'I do not know who has been the tax evader'. If he is honest, let him come forward and say, 'I do not want to punish them because I do get some benefit, some money from these interests'—I do not know if I can say 'to the party funds', because immediately he might get angry.

Therefore, I moved a specific amendment, knowing the mind of the Finance Minister and the majority section of my friends opposite. I do not say that all the friends opposite are not agreeable to the immediate cessation of the managing agency system. Therefore, knowing the minds of many of them, I have moved this amendment. Let Government come and say, 'here are certain types of industries for which it is not necessary to have the managing agencies continued'. There is no point in saying that in the jute industry, in the tea garden industry or in collieries, there is dearth of talent. After all, who are the persons connected with them? They are either technicians, or accountants or other persons connected with the industry. There is no point in saying that there is a dearth of talent. Let Government come forward and say that in 1960—I do not mind if it is extended by one year, to 1961—all these industries will cease to have managing agents. Let this time-limit be put. I am willing to concede that in certain industries, for example, the capital goods industries which we want to develop, for which skill may not be available in the country, or again, the heavy chemicals industry or the heavy electrical goods industry, some concession may have to be allowed, because the Government may say that they want to pander to the feelings of the big business; it is necessary to give some concession there I am willing to concede that point; Government can have the power to exempt certain types of industries. But there is no point in saying in the year 1955 that the managing agents have still a role to play in the economic set-up of India. I do not know how the Government can honestly make a statement of that character in the face of all the reports that have been placed before the House, not only by the expert committee presided over by Shri C. H. Bhabha, but also by the Investigation Commission, who have disclosed the abominable manner in which the shareholders and the exchequer have been cheated by false accounts. Therefore, I would urge upon the Government to accept my amendment. I concede that in certain cases there may be a necessity to give exemption and say that the managing agents will continue; that is in respect of

cases which are in the national interest.

I want to say a word regarding the Government amendment which relates to private firms. I do not know why the Government want to whittle down the recommendations made by the Joint Committee so far as private firms are concerned. We know full well that even today according to the statement of the Government and also according to reports given before the Taxation Inquiry Commission and the Company Law Committee, 25 per cent. control them. If we find that private companies are behaving in this manner, it is necessary that Government should apply the restrictive provisions of the Bill to them, unless they think that they must exempt such private companies—I have also put in an amendment that Government may exempt such private companies. But *prima facie*, we have seen that many of the private companies have not been behaving well. I would urge upon Government at least to consider this point. According to the evidence tendered before the two expert committees, they control a very wide sector—quite a good proportion—of the industries. Therefore, these restrictive provisions should be applied to them. I hope the Government will not be under the illusion that managing agents have still to play an important role in the industrialisation of the country—that, I think, is acceptable to most of the sections. It must go and go without a final word. You should say you are going away and you behave properly during this period.

5 P.M.

Shri C. C. Shah: In this long and controversial Bill, if there are any provisions which received the most anxious consideration of the Select Committee, they were the provisions which are now under consideration. The Committee had before it the voluminous evidence before the Bhabha Committee and the report of the Bhabha Committee itself. The Select Committee heard the evidence of all interests concerned and for days together considered what should be done about the managing agency system. There were before the Joint Committee various proposals and the conclusions which the Joint Committee ultimately came to have been embodied in this Bill. What I wish to say is that the Joint Committee has introduced important changes in the provisions relating to managing agencies from what they were in the original Bill as it came before the House. And, two of the most important changes which the Joint Committee introduced over and above the recommendations of the Bhabha Committee are those which are embodied in clauses 323 and 325 of this Bill.

The debate in this House has proceeded on the footing that whether the managing agency should be abolished or whether it should be continued permanently. It is my submission that the decisions of the Joint Committee, as embodied in clauses 323 and 325 and also 329 make for a very realistic approach to this problem. The Select Committee very carefully considered the contribution which the managing agency system has made to the industrial development of this country. The Select Committee also carefully considered the place of private sector in Second Five Year Plan and the contribution which the private sector is expected to make in the further industrial development of this country. And, having considered those things the Joint Committee also took into consideration the risk, if any, which may arise out of the abolition, either immediate or gradual, of the managing agency system. With all those considerations in mind, the Select Committee came to certain definite conclusions.

Now, it is my intention to place before the House the exact meaning or import of the provisions which are embodied in clauses 323 and 325 and the reasons which have led the Joint Committee to come to those decisions. The amendment of my hon. friend Shri Asoka Mehta to clause 329 seeks

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to make for a definite date by which all the managing agency agreements will come to an end. The Joint Committee did not accept that proposal to fix a definite date by which the managing agency should come to an end or must come to an end. But, instead, the Select Committee has given powers to the Government.

Those powers are of two kinds. The powers given to the Government embodied in clauses 323 and 325 mean that the Government will abolish the managing agency industrywise as well as unitwise. And, it is my submission that the clear meaning of clauses 323 and 325 is that while the managing agency system is to be abolished, that abolition has to be gradual, the time and pace of such abolition being left to the Government. There is no other meaning which can come out of these two clauses 323 and 325.

Now, I will turn to clause 323. It is true that there can be no meaning in giving this power to the Government for abolishing the system industrywise unless the power has to be exercised. And, as I will presently point out, it is intended and expected that as regards certain industries that power will be and can be exercised in the near future. As regards other industries, it may be exercised a little later. If I may draw the attention of the House to sub-clause (2), it says that—where any such company has a managing agent on the specified date after the Government has issued the requisite notification, the term of office of the managing agent shall, if it does not expire earlier, expire at the end of three years from the specified date or 15th August, 1960, whichever is later. The date 15th August 1960 is deliberately put in this clause, expecting that there are certain industries in which Government can immediately issue a notification which will leave three years' time until we reach the 15th August 1960, by which in those industries there shall be no managing agency. There are other industries in which Government can do it at a later stage, and at that stage three years' time is allowed before the notification becomes effective. The considerations that have been advanced were that for the industrial development of the country, the managing agency system is necessary for promotional and financial activities because it is the managing agents who provide the promotional, enterprising risk and the financial strength which an industry needs. The Joint Committee carefully took into account these considerations and yet came to the conclusion that there are industries in which now and a little later those kinds of promotional and financial activities are no longer required. Therefore Government could issue a notification abolishing the managing agency system in those industries. If that were not the view of the Joint Committee, there is no meaning in embodying clause 323 in the Bill. It is argued that if the Government wanted to take such an action, it could have been done at any stage, and, clause 323 is unnecessary at this stage because it introduces an element of uncertainty. Now it is for precisely an argument of that character that clause 323 is put in here because it is not as if at a later stage that the Government comes to that conclusion; but the view was that there are some industries in which this provision can be applied immediately and it is expected that Government will apply it in the near future. For those industries where this kind of notification cannot be issued, clause 325 applies and the Government will examine unit-wise whether in each of those units, the proposed managing agent, who is to be appointed or reappointed, answers or fulfils the conditions mentioned in sub-section (2). It is not only that the Government shall accord its approval unless it is this, that and the other, but it enjoined upon the Government that it shall not accord its approval unless the conditions mentioned in sub-clause (2) are fulfilled. An amendment moved by my friend, Shri Somani, along with Shri Tulsidas, wants to turn this into a positive form that the Government shall accord its approval unless the

conditions such and such are not fulfilled. The Joint Committee has deliberately put this wording enjoining upon the Government that it shall not accord its approval unless the Government is satisfied that it is in public interests to do so, that the managing agent is a fit and proper person and that the conditions are fulfilled by the managing agent. Therefore, while exercising its powers under clause 325, it will be the duty of the Government not only to satisfy itself that it is in public interest but also to satisfy itself that the managing agent is a fit and proper person. Arguments have been advanced here that it will be very difficult for Government to say that a particular individual, firm or limited company proposed is a fit and proper person or not. There are well known canons by which that kind of fitness can be determined. It is not for me to enter into a detailed discussion at this stage on that point, but Government will lay down certain well known principles by which it will be guided in the exercise of the powers given to it under clause 325.

Then we come to clause 329. It says that all managing agency agreements will come to an end on the 15th August 1960. What is the provision for? It is for this reason that by 1960 the Government must have an opportunity to examine every managing agency agreement in every industry, unit-wise and industry-wise. Therefore, the last two lines are there: "unless before that date he is re-appointed for a further term in accordance with the provisions contained in this Act." Therefore, it is expected that two or three years prior to 1960, every managing agent shall go before his company, first to seek the approval of that company. Having obtained that approval, he has to come to the Government to seek their approval and therefore before we reach 15th August 1960, Government has to decide both industry-wise and unit-wise as to the industries in which managing agencies will be permitted and in non-notified industries as to the individuals or firms which will be permitted to act as managing agents. These provisions, I submit, are intended to give effect to the Congress policy and the Congress resolution which my hon. friend Shri Asoka Mehta read out, namely, that the managing agency shall be abolished as early as possible. It was not the view of the Joint Committee that the managing agency system could be abolished forthwith because that would create a vaccum. It was neither the view of the Joint Committee that a date should be fixed by the Bill itself because they thought that while the managing agency system had to be abolished the time, the pace and the manner of its abolition must be left to the Government. To manner is indicated by clauses 323 and 325, namely, industry-wise and unit-wise and the time and pace are left to the Government. But the intention, I submit, is unmistakably clear and that intention is that the managing agency system, at a future date—not at a very distant future date—will be abolished.

It is argued: if you abolish that system industrial development of the country will suffer. These considerations were fully before the Joint Committee and they were fully aware of the contributions which this system had made to the industrial development of the country and was expected to make in the Second Five Year Plan and therefore, deliberately the date, 15th August 1960 is put by which time the Second Five Year Plan will be long in fulfilment. At the time when the Joint Committee gave consideration to these things, apart from the evidence which came before them, the leading managing agency houses gave to the members of the Joint Committee considerable literature to educate them about the benefits of that system and I can assure the hon. House that there was no provision of this Bill to which they gave more anxious consideration than to this provision because we were fully alive that while we wanted industrial development of the country and we did not want to take any risk with the Second Five Year Plan which we

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had in mind, we have also certain social objectives to fulfil and in the fulfilment of these social objectives we cannot permit this system which has outlived its utility to continue—not only outlived but which is a kind of industrial feudalism, which cannot be permitted to continue any further. It is a definite decision that it will come to and end.

It is asked: what will be the alternative form of management? It is said that the man or men will be the same whether it is this or that system. I can assure the hon. House that this argument was placed with full force before the Joint Committee by those who opposed these provisions which we are considering today and they gave their most anxious thought to those arguments. They have come to the conclusion that if we are to develop an alternative form of management that alternative form of management can be developed only if we take steps from now on to give a kind of fillip to that form of management. It will be realised that to a managing director—a single individual,—they have allowed as much as five per cent of remuneration of the net profits of a company. That is a high figure to be given to one individual when you give only ten per cent to the whole company which may act as a managing agent of a particular company. It has deliberately given that high remuneration to induce talent to undertake industrial development of the country. A managing director is permitted to manage two companies and therefore, if an individual with talent manages two companies he will get as much as ten per cent of the net profits which is paid to the managing agent himself. To a manager the Joint Committee has permitted 5 per cent under clause 386 because its conception of 'manager' is one who almost exercises the same powers as a managing agent or a managing director. It has been argued here, and so often, by people that the restrictions which you have put upon the manager are entirely uncalled for. But, the conception of 'manager' which the Joint Committee has is of a totally different character from the 'manager' which we loosely understand in ordinary parlance. By 'manager' the Joint Committee understands an individual who is capable to undertake the management of the whole, or substantially of the whole company. In no part of the world is there any form of management which is a corporate form of management. In England and in the United States it is the managing director, the executive director or the technical director or the manager who manages large industrial concerns. It is intended that, that kind of management should grow in this country; because, if out of a fear that we have no alternative form of management and that we will not be able to grow any, we allow this system to remain permanent we may come to a stage where we may never be able to replace it. Therefore, it is the intention to take steps from now in order that, gradually, in course of time, we may develop the alternative system and we can replace this system. Therefore, the provisions made for managing director and manager are of a liberal character to induce people to give up the managing agency system and to take up the form of management with managing director or manager.

My hon. friend Shri G. D. Somani told us that so many restrictions have been put all round upon managing agents that it will be almost impossible for them to function as managing agents. Well, if that is so, there is nothing which prevents them from functioning as managing directors. It is the intention that the managing agency system should be replaced by the alternative form of management and, therefore, if it is felt that the restrictions upon the managing agency system are too many and which makes it impossible for them to function, in that way, of course, the alternative form of management is provided for fully in this Bill.

Therefore, my submission is that the amendment moved by Shri Asoka Mehta is unnecessary. He seeks to fix a date by which all managing agency agreements will come to an end. The Joint Committee has taken this view that we must gradually abolish the system rather than immediately. The problem before the Joint Committee was not whether to end or mend the managing agency system; because, if you want to say that we want to mend it then it means that we want to continue it as a permanent feature of the economic organisation of our country. The question before the Joint Committee was to end it, how to end it and when to end it. The Joint Committee decided that it shall be ended gradually and the time and pace being left to the Government. That is all that I wish to say on clauses 323 and 325 and the alternative form of management.

Now, argument is advanced that the present managing agents will have no incentive left to undertake industrial development of the country, unless you allow them to continue as managing agents. That is the crux of the problem. They have experience. They have talent. They have finance. Now, are they prepared to place their experience, their talent and the finance at the service of the nation for a remuneration which we consider to be adequate or do they wish to dictate their own terms on which they will undertake industrial development of this country? That is the crux of the problem. Are we to understand that the managing agents or the present managing agency houses will undertake industrial development of the country only if they are permitted to function as managing agents and not otherwise? Are we to understand that they are prepared to undertake industrial development of the country only if they are given a remuneration which they get today and not otherwise? Well, that is the crux of the problem and my submission is that the managing agents and those who are today in management of companies will recognise and realise the political and social climate of this country. Others have realised it.

Mr. Chairman: Your time is up.

Shri C. C. Shah: It is only 20 minutes that I have been on my legs and, I think, considering the importance of the subject, you will allow me some more time.

Mr. Chairman: All right; half-an hour.

Shri C. C. Shah: Therefore, I do hope and expect that the present managing agency houses who have rendered such services to the country will continue to render their services, whether as managing agents or as managing directors or in any other capacity. I have no such fear. I have full faith in their patriotism, I have full faith in their sense of service to the country and I do not expect that the Industrial development of the country will suffer merely because they are not permitted to function as managing agents and are to function only in any other capacity. But when we come to that problem, we come to clause 347 where we allow remuneration to them. What is the incentive, what is the reward which they want for continuing the industrial development of the country? We have permitted 11 per cent under clause 197. The figures that were given to us went to show that, on an average, the managing agents today get 14 per cent. It will come down to 11 per cent. In some cases it may come down to 8 per cent. In some industries, it is already less than 10 per cent. But we do expect that 11 per cent remuneration which we have allowed is more than adequate remuneration for any one to continue to give his services for the industrial development of the country. I do not think that it can be argued by anybody that the remuneration which we have allowed is inadequate. If that is so, the same remuneration is being permitted to the managing director, and a single individual as a manager is

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being permitted half the remuneration which is being permitted to managing agents. Therefore, if it is a question of incentive or initiative, I submit we have provided enough incentive and initiative for those managing agency houses to continue to give their services which they are giving today. But that question, really speaking, arises only for the top managing agency houses, a few of them. The majority of managing agents get always a remuneration which is much less that what this Bill provides even today. Therefore, I have no such fears that the remuneration fixed is small. If we go through the statistics, we will be able to find that most managing agents do not get even the amount of Rs. 50,000 that we have provided. It is only a few managing agency houses who get large amounts by way of remuneration, and it is not too much to expect of them that if there is some cut in the large amounts which they get, they will say that it is so large a cut and thus make us afraid that the cut is so large that there will be a retardation of industrial development in the country.

I will now say a few words about clause 331 which restricts the number of companies which a managing agent can manage. I agree that this clause is put in as an experimental measure, if I may say so. Our intention is that the concentration of economic power in a few hands and in a few families should not continue any longer. It is true that the number of ten companies by itself does not mean anything unless we are to take the size of the company, its capital, and so on. It is only an indication of our intention that we do not desire that further concentration of economic power should take place. In other countries, concentration has taken place in spite of the fact that there are no managing agency houses. Other countries had to adopt such measures like the Anti-Trust Act, Sherman Act or the Clayton Act in order to break the powers of huge trusts and tycoons. But here in our country, as Shri Asoka Mehta has rightly pointed out, while at the one end there is little concentration, at the other end, there is a degree of concentration which is even much more than in the biggest countries such as the U.S.A. We are, by this clause, so to say, giving a sort of warning that no further concentration should take place, and if there is too much at present, it should be shed. I know there are many loopholes in this clause. They can be easily availed of either by the amalgamation of the industry.....

Shri Gadilingana Gowd (Kurnool): I want to know if the hon. Member is speaking on behalf of the Government, as he has been giving assurances to the House.

Shri C. C. Shah: I am speaking on behalf of myself. I have no pretensions to say that I am speaking on behalf of the Government.

Mr. Chairman: How much more time do you require? There are many other speakers.

Shri C. C. Shah: I will take five or seven more minutes. You have allowed me half an hour and I started at five o'clock. I will finish at 5-30.

Mr. Chairman: Yes.

Shri C. C. Shah: I was speaking on clause 331, under which we have fixed the limit of companies which a managing agent can manage at 10. We could have as well fixed 15 or 20; it is by a rule of thumb that we have fixed that limit. Our intention is clear and if we find that that intention is not being fulfilled, we may have to take other measures. We will have to watch the manner in which this clause is being implemented.

I only want to say one word more about clause 326 and clause 355. Clause 326 exempts private companies from the operation of sections 327 to 330 and

clause 355 exempts private companies from the operation of sections 347 to 354. My submission is that a private limited company does not require a managing agent at all. The very essence of a private limited company is that a few members of a family or a few people have gathered together to manage their own company. They do not need any promotional activity or financial activity or any outside talent to manage their companies. My submission in the first instance is that clauses 326 and 355 ought to be omitted. If, in the alternative Government desires to continue them in any event, clause 329 should apply to private companies, so that by 1960, the managing agency agreements of private companies may come before the Government for consideration as to whether in any private company a managing agent is at all necessary.

My second submission is with regard to clause 325. I know of a large number of commercial firms doing, for example, export and import business or trading concerns which are being managed by managing agents. There the intention is not so much as to provide any promotional or financial necessity, but just to distribute income as largely as possible, in order to lessen the incidence of tax, because the profit is divided between the managed company and the managing agency company, both the groups being the same, but the shareholders being different. I submit that there is no reason to continue managing agencies

[MR. DEPUTY-SPEAKER *in the Chair*]

in commercial or trading concerns. Therefore, I hope that when all the managing agency agreements come before the Government under clause 325 for consideration, the Government will take care to see that managing agency agreements are continued only in industries where they are necessary and not in any other case.

श्री झुनझुनवाला : यह बड़ी अच्छी बात हुई कि श्री सी० सी० शाह को बोलने के लिए बुलाया गया ।

श्री जयपाल सिंह (रांची पश्चिम—रक्षित—अनुसूचित आदिम जातियां) : अंग्रेजी में बोलिए—हिन्दी में कोई नहीं समझेगा ।

श्री झुनझुनवाला : सब समझेंगे और मुझे आपको ही समझाना है । श्री शाह ने सिलेक्ट कमेटी की कई बातें बहुत सुन्दर ढंग से हम लोगों को समझाई । परन्तु मैं यदि अपने को सोशलिस्टिक आइडियालोजिस्ट या कम्यूनिस्ट आइडियालोजिस्ट समझूं और यह देखूं कि मुझे श्री शाह की बातों से संतोष होगा या नहीं, तो मुझे संतोष नहीं हो सकता । अगर मैं श्री तुलसीदास की जगह पर बैठ कर अनुभव करूं कि जो श्री सी० सी० शाह ने बात कही है, वह मुनासिब और ठीक है या नहीं, तो भी मुझे पूरा असंतोष है । जिस आदमी को जरा सा भी सेल्फ रेस्पेक्ट है और जो अपने को जरा सा भी ईमानदार समझता है उसके लिए इन क्लासेज के अनुसार काम करना बहुत कठिन होगा । इसको समझने का अनुभव हमारे सी० सी० शाह साहब को नहीं है । जिस समय गवर्नमेंट ने कंट्रोल के जमाने में लाइसेंस आदि देने के सारे अधिकार अपने हाथ में ले लिये थे उस समय जिन लोगों में जरा भी कांशेन्स था और जो इस बात पर दृढ़ रहना चाहते थे कि चाहे हमारा व्यापार चला जाय पर हम घूस नहीं देंगे उनको व्यापार से हट जाना पड़ा और वह अलग जा कर बैठ गये । हमको डर है कि जो पावर इसके अन्दर गवर्नमेंट ले रही है उसके अनुसार तुलसी दास जी और सोमानी जी कैसे काम कर सकेंगे । यह बात तो वही बतला सकते हैं । मुझे तो जो अनुभव है उसके अनुसार तो मैं कह सकता हूं कि मैं तो तुरन्त कह देता कि मैं तो छोड़ कर बैठता हूं, मुझ से यह काम नहीं हो सकता । अगर हमारे दंशमुख साहब थोड़े से दंशमुख और पैदा कर देते और वे लोग यहां पर काम करते और निज में वह सब देखते तो अगर जो पावर ली गयी है उससे भी अधिक पावर ले लेते तो मुझे कोई दिक्कत न

[श्री झुनझुनवाला]

होती । परन्तु अब जिनके पास तुलसी दास जी को अपनी मैनेजिंग एजेंसी को एप्रूव कराने के लिये जाना होगा और यह दिखलाना पड़ेगा कि वे फिट परसन हैं और पबलिक इंटरेस्ट में हैं और यह सब बातें दिखानी पड़ेंगी, वहां इन्साफ होगा ऐसा हमारा अनुभव नहीं हैं । जैसा मैं ने कहा कि यदि दंशमुख साहब दस पन्द्रह और दंशमुख पैदा कर देते और वह समूची पावर अपने हाथ में ले लेते तो हमको जरा भी भय नहीं होता । परन्तु वैसी बात तो नहीं हैं । श्री सी० सी० शाह ने अपने लम्बे चौड़े भाषण में कहा हैं कि मैनेजिंग एजेंटों को कोई डरने की बात नहीं हैं । यदि वे ठीक से काम करना चाहते हैं तो करें और नहीं करना चाहते हैं तो छोड़ कर जा बैठें । यह तो मैं ने भी कहा कि यदि अब कोई ईमानदारी से काम करना चाहेगा तो उसको बहुत मुश्किल होगी । जितने आपने इसमें फैक्टर्स लगा दिये हैं उनके होते हुए ईमानदारी से काम करना बहुत कठिन हो जायेगा। यदि आप को इन लोगों से काम करवाना था तो जैसा कि तुलसी दास जी ने कहा, सोमानी जी ने कहा, मुरारका जी ने और दूसरे लोगों ने कहा, और ठाकुर दास जी ने बहुत जोर से कहा, आप को केवल ऊपर से देखना चाहिए कि शेयरहोल्डर और मैनेजिंग एजेंट ठीक से काम करते हैं या नहीं । अगर शेयरहोल्डर गलती करें तो उनका कान पकड़िये और अगर मैनेजिंग एजेंट गलती करते हैं तो उनका कान पकड़िये। किन्तु जहां शेयरहोल्डर्स को अख्तियार देने की बात आती हैं वहां श्री सी० सी० शाह कहते हैं कि यह अमेंडमेंट तो मंजूर नहीं हो सकता । और इसके समर्थन में अमरीका की और जगह जगह की बाइबिल कोट करने लगते हैं जो कि हमारी समझ में नहीं आती । बाइबिल, कुरान और धर्म शास्त्र कोट कर करके तो लोग न जाने क्या क्या काम कर लेते हैं । आज हमारे धर्म शास्त्र को कोट करके कहा जाता हैं कि हम किसी का छुआ पानी नहीं पियेंगे, किसी को अपने को छूने नहीं देंगे । कौनसे धर्म शास्त्र में ऐसी बात लिखी हुई हैं ? लेकिन लोग धर्म शास्त्र में से चाहे जैसा अर्थ निकाल लेते हैं । कुरान को कोट करके यह कहा जाता है कि हमको गायें मारना चाहिए । हिन्दू शास्त्र को लेकर कहा जाता हैं कि हमारे मन्दिर के आगे बाजा नहीं बजना चाहिए। अभी बंसल साहब ने और चटर्जी साहब ने कहा कि इन कुरान और बाइबिल की बातों को हम जैसा चाहें तोड़ मरोड़ कर कोट कर सकते हैं । चटर्जी साहब तो वकील हैं । वह तो ऐसा कर ही सकते हैं । हमारे कृष्ण चन्द्र जी भी वकील हैं । वह जैसा चाहें बात को तोड़ मरोड़ सकते हैं ।

पंडित के० सी० शर्मा : अगर पैसा ज्यादा मिलेगा ।

श्री झुनझुनवाला : तो इन बाइबिल और कुरान से तो कुछ भी आने जाने वाला नहीं हैं ।

Shri K. K. Basu: You can appoint Government practitioners to get this.

श्री झुनझुनवाला : मैं गवर्नमेंट को यही सलाह दूंगा कि वह एपाइंट कर ले।

Pandit K. C. Sharma: He is fearless.

श्री झुनझुनवाला : मैं कह रहा था कि इससे आपका कोई काम ठीक से नहीं चल सकेगा । अगर आप कसाईखाना १९६० में खोलना चाहते हैं तो मेरी समझ में उसे अभी ही खोल लेते और खोल करके फैसला कर देते और बतला देते कि अगर मैनेजिंग एजेंटों को रहना हैं तो कितना उनको दोमाह मिलेगा, कितना कमीशन मिलेगा और क्या क्या होगा । यह सब उनको बतला देते। आपने जो जो चीजें कहीं हैं उनके दोष का कोई भी साथी नहीं हैं । मैं समझता हूं कि उन चीजों के दोष के साथी तुलसी दास जी भी नहीं हैं । हो सकता हैं कि वह इस कारण उनके बारे में यहां पर नहीं कहते कि जब वह वापस जायंगे तो उनके साथी न मालूम उनसे क्या कहेंगे । लेकिन वे

इस दोष के साथी नहीं हैं। वे उसको सपोर्ट नहीं करना चाहते। पर यदि आप इस तरह के प्रतिबन्ध लगा देंगे तो अभी जो एक क्लास करप्शन करने वाला है उसके अतिरिक्त एक और क्लास करप्शन करने के लिए पैदा हो जायगा और वे दोनों पब्लिक इंटरेस्ट के खिलाफ चीजें करेंगे और ये जितनी बातें हैं वे सन् १९६० तक रहेंगी। इसलिए मैं चाहता हूं कि बजाय १९६० में कसाई खाने को खोलने के उसे आप आज ही खोल दें और जो कुछ बातें हैं उनको आज ही निबटा दें।

Pandit K. C. Sharma: This word "kasaikhana" is a nasty word. It should be expunged. It is a very bad word.

श्री झुनझुनवाला : यहां पर स्लाटर हाउस शब्द भी इस्तेमाल किया गया है इसलिए मैं ने कसाई खाना शब्द इस्तेमाल किया। यदि यह शब्द बुरा है तो इसको निकाल दिया जाय।

Mr. Deputy-Speaker: Is it "kasaikhana"?

Pandit K. C. Sharma: "Kasaikhana" is a very bad term.

Mr. Deputy-Speaker: As I have heard, it is a slaughter-house.

Shri Jhunjhunwala: The word "slaughter" was used here.

Mr. Deputy-Speaker: There is a mohalla in Delhi which is called "kasaibara". But if it touches the sentiment.....

श्री झुनझुनवाला : मैं इसको वापिस लेता हूं।

Shri K. K. Basu: Many a time either our speeches or intentions are being slaughtered by somebody or other here.

Mr. Deputy-Speaker: I do not think he has any objection to slaughtering.

श्री झुनझुनवाला : तो मैं आपको यह बतला रहा था कि इस चीज के लिए यह इतना बड़ा एक्ट बनाया गया है। इसके बारे में मैं ने जनरल डिसकशन में कहा था कि कुछ अधिकार गवर्नमेंट को लेना चाहिए और बाकी अधिकार शेयरहोल्डर्स और मैनेजिंग एजेंट्स को दे देना चाहिए और शेयर होल्डर और मैनेजिंग एजेंट इस काम को देखें। गवर्नमेंट को सिर्फ इतना ही देखना चाहिए कि दोनों में से कौन गलती करता है। जब इनमें से कोई गलती करे तभी गवर्नमेंट इंटरफियर करे। इस दृष्टि से यह कानून बनना चाहिए था। हमारे मित्र श्री नथवानी ने और कई एक मित्रों ने कहा कि प्रपोर्शनल रिप्रेजेंटेशन होना चाहिए और हमारे तुलसीदास जी ने भी उसको सपोर्ट कर दिया था। उन्होंने आखिर में यह कह दिया था कि यदि यह अल्टरनेटिव्स अच्छे हैं कि वह शेयरहोल्डर्स को दे दिये जाएं, तो हम वैसा करने के लिए राजी हैं, बशर्ते इसके कि आप यह करें। आखिर में मैं समझता हूं कि ऐसा उन्होंने कहा था, फिर मेरी समझ में यह नहीं आया कि गवर्नमेंट को क्या ऐसी खवाहिश पड़ी थी कि इतना ज्यादा बोझा अपने सिर पर लिया.....

वित्त मंत्री के सभासचिव (श्री बी० आर० भगत) : पब्लिक इंटरेस्ट में।

श्री झुनझुनवाला : कंसनट्रेशन आफ पावर वह हटाना चाहते हैं। कंसनट्रेशन आफ वैल्थ हटाना चाहते हैं। इन दोनों चीजों को हटाना चाहते हैं। कंसनट्रेशन आफ वैल्थ को हटाने के लिए तो हमारे फाइनेंस मिनिस्टर साहब टैक्स बढ़ाते जाते हैं और टैक्स वसूल करना आपके हाथ में है, अब यदि आप किसी को छोड़ दें तो फिर कंसनट्रेशन आफ पावर और कंसनट्रेशन आफ वैल्थ होगा ही। आप यदि अपने इनकम टैक्स के महकमे को जरा सख्त कर लें और यह एहतियात बर्तें कि आप उस मुहकमे में ईमानदार आदमी रखते हैं तो आप अपने मकसद में कामयाब हो सकेंगे और यदि आपका मुहकमा टैक्स इवेडर्स को पकड़ कर जो टैक्स नहीं अदा करते हैं, उनसे टैक्स वसूल करे, यदि आपका महकमा इस तरह मुस्तैदी से काम करे तो कंसनट्रेशन आफ वैल्थ रहने वाला नहीं है।

[श्री झुनझुनवाला]

अब जहां तक कंसनट्रेशन आफ पावर का सवाल है, उसके बारे में हमारे श्री सी० सी० शाह ने कह दिया कि यदि मैनेजिंग एजेंट लोग काम करना चाहते हैं तो हमको कोई उज्र नहीं है, परन्तु वे हमारी टर्म्स पर काम करें। अब आप ही बतलाइये कि आपकी टर्म्स क्या हैं ? आप कहते हैं कि ६ वर्ष या साढ़े पांच वर्ष के बाद सन् १९६० में

> The Central Government shall not accord its approval under sub-section (1) in any case, unless it is satisfied—(a) that it is not against the public interest to allow the company to have a managing agent.

उनका एग्रीमेंट एग्जामिन करें, आखिर पबलिक इंटरेस्ट से आपकी क्या मुराद है ? आप यह तो बतलाइये कि उनके एग्रीमेंट में पबलिक इंटरेस्ट के क्या चीज अगेंस्ट् हैं। कौन सी चीज पबलिक इंटरेस्ट के खिलाफ है, जिसको कि हमको अपोज करना चाहिए और मैं भी मानता हूं कि जरूर ऐसा एग्रीमेंट नहीं रहना चाहिए जो पबलिक इंटरेस्ट के अगेंस्ट् हो। मेरी समझ में तो उस एग्रीमेंट में कोई भी चीज पबलिक इंटरेस्ट के खिलाफ नहीं है...

पंडित ठाकुर दास भार्गव : धारा २२ कंट्रैक्ट एक्ट के मुताबिक वह नाजायज हो जायेगा।

Shri Jhunjhunwala: This is what I would like to know. What will you examine in 1960? Will you examine whether a particular agreement is against the public interest or not? I want a reply from Shri C. C. Shah to this question.

Shri C. C. Shah: I have already spoken. I cannot speak again.

Pandit K. C. Sharma: Another Shah will speak.

Shri Jhunjhunwala: It is this Shah who has spoken, and therefore, I would like to have a reply from this gentleman.

क्लाज २२५(२) के (बी) पार्ट में यह दिया हुआ है :

> (b) that the managing agent proposed is, in its opinion, a fit and proper person to be appointed as such, and that the conditions of the managing agency proposed are fair and reasonable.

उसमें फेयर एंड रीजनेबुल दो बात हैं....

पंडित ठाकुर दास भार्गव : वह इसलिए है क्योंकि गवर्नमेंट उनकी जांच करेगी।

श्री झुनझुनवाला : उसी क्लाज के पार्ट सी में इस तरह दिया हुआ है :

> (c) that the managing agent proposed has fulfilled any conditions which the Central Government require him to fulfil.

आज आप हमको कहते हैं कि अपनी राय दीजिये और उस पर बोलिये, लेकिन आप क्या क्या कंडीशन इम्पोज करेंगे वह तो हमें बतलाइये। आठ महीने तक और करीब साल भर तक हमारी सेलेक्ट कमेटी बैठी और उन बातों को हमको अच्छी तरह से उन्होंने समझाया और समझा करके सब कुछ बतलाया परन्तु यह नहीं बतलाया कि वह क्या क्या कंडीशन इम्पोज करेंगे। आप कंसनट्रेशन आफ पावर को दूर करना चाहते हैं तो क्यों नहीं सब चीज साफ साफ बतला देते। श्री तुलसीदास के पास बहुत पैसा है, वह मजे में बिना कुछ काम किये हुए घर बैठे आराम से खा सकते हैं, वह क्यों इस झंझट में पड़ें।

उधर हमारे बोस साहब हैं और श्री अशोक मेहता हैं, वे बहुत नाराज हैं और उनको गवर्नमेंट से शिकायत है कि गवर्नमेंट यह क्यों नहीं ऐलान कर देती साफ साफ कि मैनेजिंग एजेंसीज को हम तोड़ देंगे। आप यह कहते हैं कि हम ऐसा प्रबन्ध करेंगे कि हम जो मैनेजिंग एजेंट एपायंट करेंगे उनको हम फाईव परसेंट देंगे, यदि उनको आप फाईव परसेंट देंगे तो तुलसीदास जी में क्या दोष है, यह जरा हमको

बतला दीजिये, वह तो कह रहे हैं कि हम ११ परसेंट देंगे, आप क्यों नहीं उनकी बात को मान लेते हैं। जहां इनकम ज्यादा होगी, आमदनी ज्यादा होगी, करोड़ों रुपये जहां आमदनी होगी, वहां भी आपकी फाईव परसेंट कहने की हिम्मत नहीं होती। मेरी समझ में आपकी यह बातें नहीं आतीं। आप यदि असल में देश से गरीबी को दूर किया चाहते हैं तो आपको चाहिये था कि शेयरहोल्डरों पर इनको छोड़ देना चाहिए था, उन दोनों के बीच का एग्रीमेंट कराना चाहिए था कि यह यह और इस तरह की पावर्स शेयरहोल्डरों की रहेगी, शेयरहोल्डरों को आपको स्पेशल पावर्स देनी चाहिये थीं, परन्तु आपने वैसा न करके यह जो चीजें लाये हैं, इन सब चीजों से क्या होगा, मेरी तो समझ में कुछ भी नहीं आता और मैं कहने पर मजबूर हूं कि जितनी भी बातें हमारे श्री सी० सी० शाह ने बतलायीं, वह हमारी समझ में नहीं आईं।

अब मैनेजिंग एजेंट के बारे में जो अभी तक चला आता था कि एक शख्स बाई इनहेरिटेंस एक फर्म में मैनेजिंग एजेंट हो जाता था, उसको आपने खत्म कर दिया हैं, यह बात ठीक है, परन्तु उसको खत्म करके आपने क्या किया हैं ? आपने एपायंट करने की पावर अपने हाथ में ले ली हैं कि अगर गवर्नमेंट उसको मुनासिब समझेगी तो उसको मुकर्रर करेगी वरना नहीं करेगी। क्यों साहब, आपने यह पावर अपने हाथ में क्यों ले ली ? यह पावर आपको शेयरहोल्डरों के हाथ में छोड़ देनी चाहिए थी। शेयर होल्डर्स अगर तुलसीदास जी के लड़के को मैनेजिंग एजेंट बनाना मंजूर करेंगे, तो वह उसको बनायेंगे और अगर नहीं बनाना मंजूर करेंगे तो वह नहीं बनेगा। गवर्नमेंट ने शेयरहोल्डर्स को यह पावर न देकर अपने हाथ में क्यों रख ली हैं ? मेरी समझ में नहीं आता हैं कि यह सब अख्तियारात गवर्नमेंट ने अपने पास क्यों रख लिये हैं ? मैं जानता हूं कि हमारी गवर्नमेंट की यकीनन् वह नीयत नहीं हैं जैसी कि शायद हमारे बास साहब की मालूम पड़ती हैं और जो बराबर एक ख्वाब देखा करते हैं और जिन पर एक भूत सवार रहता हैं कि उनके हाथ में पोलिटिकल पावर आ जाने पर वह इन लोगों से जबर्दस्ती पैसा ले लेंगे, मैं समझता हूं कि इस कांग्रेस गवर्नमेंट की यह सब पावर अपने हाथ में लेते हुए यह मंशा नहीं हैं। हमारे बास साहब पावर में आने पर यह सब चीजें भले ही करें।

कंसनट्रेशन आफ वेल्थ के बारे में मैं आपको बतला चुका कि यदि मैनेजिंग एजेंसी शब्द से आपको कोई एक तरह की नफरत हैं तब तो बात दूसरी हैं....

उपाध्यक्ष महोदय : जो गरीब लोग हैं वे हमेशा इसके खिलाफ आवाज लगाते रहते हैं।

श्री भक्तभक्तवत्सल : ठीक हैं लेकिन जब उस गरीब के पास कंसनट्रेशन आफ वेल्थ हो जाता हैं तो वह भी बिलकुल बदल जाता हैं और अपनी राय बदल देता हैं। अभी हम देखते हैं कि प्राविंस वालों को जब पंचायतों को ज्यादा अख्तियार देने को कहा जाता हैं तो वह उसकी खिलाफत करते हैं और कहते हैं कि ऐसा करने से वह मिसमैनेज करेंगी और यह एकदम कोई भी काम ठीक नहीं करती हैं। इसी तरह ब्रिटिश गवर्नमेंट भी हम से कहा करती थी कि तुम लोग कोई भी काम ठीक नहीं करते, तुम कोई भी काम ठीक से नहीं कर सकोगे। आज उस पावर को डिसेंट्रलाइज करने के जितने भी सवाल उठते हैं तो कहा जाता हैं कि नहीं ऐसा नहीं होना चाहिए, यह सब ठीक नहीं हो सकेगा। मैं मानता हूं कि यह बात बहुत दुरुस्त हैं और मुनासिब हैं कि जो कंसनट्रेशन आफ वेल्थ हो गया हैं, उसका प्रापर डिस्ट्रिब्यूशन होना चाहिए लेकिन मेरा कहना यह हैं कि जो तरीका आपने उसको करने का इस बिल में अख्तियार किया हैं उससे वह काम होने वाला नहीं हैं और उससे तो जैसा चल रहा हैं, वही चलते जाना हैं और सिर्फ यह होना है कि जो एक करप्शन हैं, वह दो जगहों में डिवाइड हो जायगा। इसके अतिरिक्त इससे और कोई लाभ होने की बात इसमें नहीं हैं।

[श्री भूनभूनवाला]

मैंने अपने मित्र श्री अशोक मेहता और श्री के० के० बसु के भाषणों को बहुत ध्यान से सुना । श्री अशोक मेहता के ऊपर वैसे मेरी बड़ी श्रद्धा है और जाहिर है कि सोशलिस्ट होने के नाते जब कभी वह व्याख्यान देते हैं तो बीच बीच में उनकी आइडियॉलाजी आ जाती है परन्तु मैं यह जरूर कहना चाहूंगा कि यदि उनके व्याख्यान को अच्छी तरह से पढ़ा जाय तो उसमें उन्होंने कुछ कंस्ट्रक्टिव सुझाव दिये हैं । आज के उन के व्याख्यान में कोई भी ऐसी बात कांक्रीट कि क्या करेंगे, मेरी समझ में नहीं आई । आप ने कहा है कि शायद किसी किसी इंडस्ट्री को हम बन्द कर देंगे, या फलां इंडस्ट्री से मैनेजिंग एजेन्ट हटा देंगे, कुछ यह बतलाया कि इस इंडस्ट्री को बन्द कर देंगे । लेकिन उस का अल्टर्नेटिव अरेन्जमेन्ट क्या करेंगे यह नहीं बतलाया । हो सकता है कि मैनेजिंग एजेन्ट का नाम बदल कर किसी मैनेजिंग डाइरेक्टर के हवाले किसी इंडस्ट्री को कर दें, लेकिन इस से क्या होगा, यह बात मेरी समझ में नहीं आई । यह बिल सेलेक्ट कमेटी को गया था, इतनी तकलीफ और इतनी मेहनत से आप ने उस में काम किया, इतना पैसा खर्च किया, अगर आप इतना ही करके चुप बैठ जायें तो इस का लाभ क्या हुआ ? यह जो पावर हम लेते हैं तो कहते हैं कि इंग्लैन्ड में क्या हो रहा है, यू० एस० ए० में क्या हो रहा है । अरे भाई, वहां पर क्या कंडिशन्स हैं, क्या बातें हैं, यह सब तो हम जानते नहीं हैं, हम केवल यू० के० का एक्ट ले लेते हैं, यू० के० एक्ट को ले कर नकल कर देते हैं चूंकि यह सेक्शन यू० के० के एक्ट में है इसलिये यहां भी रख दिया है ।

एक दिन जब बात आई थी कि प्रिफरेन्शियल शेअरहोल्डर्स को पे आफ क्यों न कर दिया जाय, तो उन्होंने कहा कि यह क्लाज तो हम ने यू० के० से ले लिया है ; जब ठाकुर दास जी ने पूछा कि यू० के० से ले तो लिया है, लेकिन आप का मतलब क्या है ? तब हमारे फाइनेन्स मिनिस्टर साहब ने भी बतलाया कि इस का मतलब यह है, यह रिडक्शन है या रिडेम्शन है, यह रिडक्शन और रिडेम्शन का झगड़ा हुआ। झगड़े की बात तो आप ले कर रखते हैं । जिस प्रकार से आप पे आफ कर देंगे प्रिफरेन्स शेअर्स whether it will amount to reduction of capital or redemption of capital? यह चूंकि झगड़े की बात है इसलिये हम ने वह क्लाज ले कर रख दिया । क्लाज तो झगड़े का ले कर रख दिया, अब आप जाइये मामले को कोर्ट से डिसाइड करवाइये । सीधी जो बात है, उस को नहीं रखते हैं । इस से जो आप सुधार करना चाहते हैं वह सुधार न कर के, एक कन्फ्यूजन पैदा कर दें, यह बात मेरी समझ में नहीं आई । हां, यह मैं कहता हूं कि आप से जितनी भी चेष्टा हो सके, जो आप का डिपार्टमेंट है वह जो कुछ भी कर सके, मैनेजिंग एजेन्ट की एन्टी सोशल एक्टिविटी को बन्द करने के लिये करें । परन्तु मेरी समझ में इस एक्ट के अनुसार वह भी कुछ नहीं कर सकेगा । नतीजा यह होगा कि हमारी सरकार जो है वह बदनाम होगी, सरकार के विरुद्ध लोगों का यह ख्याल होगा कि वह ऐसे ऐसे कानून तो बनाती है परन्तु उन को काम में नहीं लाती है । उस के ऊपर यह आरोप आयेगा कि वह इन्डस्ट्रियलिस्ट्स की तरफदारी करती है । सब लोगों के मन में शंका होगी कि जैसे आप कंट्रोल के वक्त में लोगों पर कंट्रोल नहीं कर सके, उस वक्त जो करप्शन था, आखीर वक्त तक चलता रहा, वही हालत इस में होगी ।

श्री एम० सी० शाह : नहीं होगी ।

श्री भूनभूनवाला : नहीं होगी तो मैं आप को बधाई दूंगा । मैं इस बात को मान लेता हूं कि, जैसा कि हमारे शाह साहब ने कहा है, जो पिछली बातें कंट्रोल के सम्बन्ध में हुई, वह नहीं होंगी। अब पावर्स को अच्छी तरह से एक्सरसाइज किया जायेगा और जो बुराइयां हैं वह निकल जायेंगी । जो ईमान्दार मैनेजिंग एजेन्ट होंगे वह रक्खे जायेंगे, यह सब बातें होंगी । मुझे उन के एश्योरेन्स में विश्वास है और मुझे आशा है कि जैसा उन्होंने कहा है वह वैसा ही करेंगे ।

Shri Tulsidas: Mr. Deputy-Speaker, I thank you very much for giving me time. There are only a few minutes; I will have to speak again tomorrow because I do not think I will be able to finish what I have to say today.

I have been listening quite seriously to the arguments which have been advanced in today's debate. I have been trying sometimes to educate myself about certain things which hon. Members have said and I have made my notes of the speeches of a number of hon. Members, here and there trying to understand whether these particular clauses which have now been included in this Bill have any justification. I do not wish to go into the details of most of the criticisms made, but one thing I would like to mention and that is that in no company law of any country, laws of this nature have been made. I do not know what will be the interpretations put in the court on most of the words which have been used in the different clauses. I am aware that you have been in this House, in the previous Parliament and in the Constituent Assembly and in the Central Assembly over a number of years and have been responsible for making legislations. I am a new man in this particular sphere and to my mind it really frightens me whether people in the other parts of the world will consider us very wise to make laws of this nature and whether we may not be the laughing stock of a number of countries.....

Shri M. C. Shah: He need not be afraid of it.

Shri Tulsidas: I have got to express my views. He may not be afraid of it, but I am and I have my own responsibility and, therefore, I must say what I feel like. The hon. Minister is always very enthusiastic of making certain laws, according to his likes, of this nature. After all, the country is to be taken into account.

Mr. Deputy-Speaker: Does the hon. Member mean to say that the countries which are governed by socialistic pattern or socialistic form of societies will laugh at this or countries governed by capitalistic form of societies? The hon. Member said that the world outside will laugh at us. The world is divided into two or three sections outside. Which section will laugh at us—the capitalist or the totalitarian?

Shri Tulsidas: In a communist country or a totalitarian country, there is no question of law. The law is administered by the dictator and he himeslf interprets the law, but those countries which have got democratic principles, whether it be socialistic pattern or capitalistic pattern, will laugh at us, because there is no pattern here—I am sorry to say that.

Shri K. K. Basu: There is tension in the world (*interruptions*)

Shri Tulsidas: That is my reading of most of the clauses in this particular group.

Before I go further, I would like you to examine this. After all, a company law is a Parliamentary statute, which is not covered by any ideologies. The companies have to function in the best interests of the country. Therefore, company law is a law in which everyone is interested, not merely the businessman but there are also different types of people interested in it. There are companies which are floated for the purpose of different other works apart from business. I do not think that the company law takes into account only one aspect of the institutions. As I have always mentioned, I feel that administration is the most important thing. Whatever law you make must be administered in a manner so as to achieve the purpose for which it is made, and as long as we are not able to administer it, no matter what laws you make, they are not going to solve the problem. We know that this Bill is based on the U.K. Act—very much more on the U.K. Act—except that there is no managing agency system there. In this country we have a different type of system. In England in 1930-31 a

[Shri Tulsidas]

6 P.M.

commission was appointed consisting of very influential and knowledgeable people who knew company law. I was told that Lord Lindlay was the Chairman of that Commission. He had thorough knowledge and understanding of Company Law. In 1947, Lord Cohen was appointed again and they passed their law based on his report. But we have to have a law in a manner which would be interpreted by courts. You are a lawyer, Sir. I am not a lawyer. But a law should be capable of interpretation. I would like the hon. Finance Minister to tell me how the courts would interpret 'fit and proper' person. I would ask him to educate me at least. After all it has to go to courts and it has to be interpreted.

Mr. Deputy-Speaker: One can easily say that it should be a literate man or a man who knows his business. It is a disqualification for a man not to know his business.

Shri Tulsidas: We have already made provisions.

Mr. Deputy-Speaker: Persons who are not so disqualified will be negatively treated as fit and proper persons.

Shri Tulsidas: We have got a clause in which we have prescribed qualifications. What is going to be further disqualification for not considering a person?

Mr. Deputy-Speaker: If a man is not convicted, he is not disqualified. But he may not be capable of managing a company.

Shri Tulsidas: Who is to judge?

Mr. Deputy-Speaker: In the first instance the company and its shareholders will do it and the Government will approve later on.

Shri Tulsidas: A company has approved but the Government has a right to refuse because it may say that he is not a fit person.

Mr. Deputy-Speaker: The Company will judge and the Government will also judge.

Shri Tulsidas: I do not think so. What I am trying to say is this. My amendment is for this reason that it must be for the Government itself and it should be the onus of the Government to say why a person is not fit or proper. It is not for a person himself to say that he is a fit person. That is where my amendment comes.

Mr. Deputy-Speaker: There are two approaches. The first is this. The hon. Member wants to say: let the appointment of a fit and proper person selected be announced by the company. If the Government finds any objection let them veto that appointment. The other thing is that the appointment will be subject to the approval of the Government. Government also will see even before the appointment is made or soon after it is recommended whether he is a fit and proper person. Fit and proper—it is an active term: he must have some qualities. Negatively, the disqualifications are that he ought not to be a convict and so on and so forth.

Shri K. K. Basu: In the case of convicts and insolvents, even the resolution appointing them may be there (*Interruptions*). In the other case it is a positive thing; he must have certain requisite qualifications.

Mr. Deputy-Speaker: The hon. Member has evidently got much to say. He will continue tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday the 6th September, 1955.